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# West Europe Report



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15 OCTOBER 1986

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GRO HARLEM BRUNDTLAND COMMENTS ON OUTLOOK FOR GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 12 Sep 86 p 3

[Interview with Prime Minister Gro Harlem Brundtland in her office on 11 September by reporter Morten Malmo: "Did Not Expect a Bed of Roses"]

[Text] [Question] Quite honestly, Prime Minister Gro Harlem Brundtland, will you or Rolf Presthus be delivering next year's New Year's speech?

[Answer] I am betting heavily that there will still be a Labor government in power on 1 January.

[Question] Isn't that the only answer the prime minister can give?

[Answer] No, but I really do believe the government will stay in office. That is the most likely prospect.

This was Prime Minister Gro Harlem Brundtland's "weather forecast" for the fall session of Storting. It is 4 months this week since the Labor Party assumed power and the government is now in the final phase of working on the 1987 national budget which will be presented on 6 October.

Late at Night

The prime minister has had a hard work week. On Monday and Tuesday she attended the Labor Party's national committee meeting, press conferences and government meetings. On Wednesday she met with prominent business leaders and yesterday she welcomed British Prime Minister Margaret Thatcher. But she managed to squeeze the interview in late last night. It was quiet in the tall government building. The only lights shining were in the windows of the prime minister's office.

[Question] Is it inspiring to be prime minister and leader of the Labor Party in times like these?

[Answer] Yes, definitely.

[Question] Why?

[Answer] The more important and demanding the challenges, the more inspiring it is.

[Question] Do Labor Party deputies share that opinion? Is it easy for them to run uphill or would they rather give up?

[Answer] I think the feeling will be increasingly widespread that it is important to have the Labor Party's goals, choice of direction and priorities form the basis for social development. I think this realization is spreading more and more for each week that goes by.

[Question] Have the prime minister's own expectations with regard to government work when the transfer of power occurred in May been realized?

[Answer] I never thought taking on the responsibility for running the country in a period of economic crisis would be a bed of roses. I have never thought that. Therefore I am not surprised by the very demanding job that has to be done and the experiences it involves.

#### Legacy From Presthus

Gro Harlem Brundtland believes the Labor Party will benefit from having government power. She has little sympathy with speculations about how high the Labor Party poll figures would have been if the party had remained in the opposition. To think that the Labor Party could have moved from around 42-43 percent up toward 50 percent is just not a realistic analysis, she said.

In her speech to the Labor Party's national committee this week the prime minister spoke of the "legacy from Presthus." She said some matters had been cleared up but that more work remained to be done.

[Question] Isn't it tempting to let Presthus clear things up himself?

[Answer] Yes, of course it is, but would he do it? However participating in a parliamentary system is not a free choice situation. One must be prepared to assume political responsibility. That is part of the political reality.

#### Stop Talking About Tactics!

The prime minister is very tired of all the talk about a "fall hunt" and political tactics. She says this has dominated Norwegian politics and the discussion in the Norwegian press for the last 4 months and she finds that alarming.

[Brundtland] It is time to issue a strong warning to all parties and all political observers about the kind of signals they are really sending to the public. It must never be the case that tactics actually dominate political activity. The Norwegian people should not be given the impression that politics is not serious work based on conviction and aimed at improving the lot

of most people in this country. One must not turn politics into a race for opinion poll ratings from month to month. That would be extremely dangerous!

#### Of Christian, Center Parties

If the prime minister's ambition of delivering the New Year's speech herself is to be realized, the government must have enough support in Storting to enable it to stay in office without losing face. The prime minister does not conceal the fact that she hopes this kind of needed support will come from the two middle-spectrum parties, the Christian People's Party and the Center Party.

The government intends to make such issues as health and social policy, regional policy and improved county and municipal finances top priorities. Voters and party officials of the two parties will have some elbow room here with a Labor government in power.

[Brundtland] The Christian People's Party and the Center Party will benefit from having the country ruled by a Labor government.

If they choose to cooperate with the Conservatives the issues I mentioned will be left on hold. Then the pressure will start to build up and frustration will spread in the Christian People's Party and the Center Party. I think many party officials in the two parties would rather not leave important issues like these on the political back burner.

#### Not a Caretaker Government

The prime minister does not want the Labor government to be a caretaker government for nonsocialist policy. There are limits. However she will not adopt a line in Storting where the government has to rule on the basis of votes of confidence when this is not necessary. The prime minister reacted strongly to the fact that her predecessor turned issues into votes of confidence "in order to force his own people to line up behind a standpoint," as she put it.

#### Taxes

Tax planning will be a decisive part of the 1987 budget. Storting must make a decision on this sometime in November.

[Question] Government people have claimed that if the government's tax plan wins support, most people will get tax breaks. Is that correct?

[Answer] Yes, it is.

[Question] Why must the government propose a graduated gross tax?

[Answer] Because it provides a better overall result. The tax burden will be distributed more fairly and interest rates will also go down. It is no accident that Danish political parties have agreed on the same solution.

[Question] Is a graduated gross tax a negotiating card on the part of the government?

[Answer] If new inspired suggestions come up, of course we will be glad to listen to them. A graduated gross tax is just a model for creating a fairer system, it is not a religion.

#### Tax Level

Is the Norwegian tax burden too high or too low? The prime minister seemed to find it difficult to answer yes or no.

[Brundtland] The reader will evaluate the answer on the basis of his or her own situation and on the basis of how much he or she pays in taxes. It is really a national economic issue.

What we need today is a broader tax base. The distribution of the tax burden is unreasonable. Many people pay taxes on every krone they earn, while other groups do not pay a fair share of the bill. If we are successful the first group will have lower tax rates and a lower tax burden on the personal level.

#### Tax Changes Dfficult

The prime minister understands that most people are wary of changes in the tax system. However she believes that most people are still inclined to support solidarity and that they have a negative reaction to the fact that some people are not paying their fair share.

[Brundtland] But there is nothing as difficult in any country as making changes in the tax system. Taxes are an arena for political conflict and here we are in a terrain that is open to political manipulation, salesmanship and scare tactics that make it hard to implement reforms.

[Question] Has the government ever considered lowing the marginal tax rate as much as President Reagan did in the United States, so that the Conservative Party is left with nothing to say?

[Answer] Lowering marginal taxes on a large scale would cost billions of kroner. No government is able to do that. Not even a Conservative government could come up with such a proposal.

#### New Measures in 1987

During the 1985 election campaign the Labor Party handed out "guarantees" that the party would carry out its election promises. The prime minister said that the Labor Party would not necessarily use this form of presentation again to focus attention on the party's main issues.

[Question] How many of the 1985 election promises will be carried out in 1987?



[Answer] We cannot promise that our entire program for the period 1986-89 will be carried out next year. We have already stopped plans to build private hospitals. In addition we will take the following steps in 1987 on the way to fulfilling our guarantees to the voters:

There will be real growth in the health sector next year.

Opportunities to borrow money from the state building fund for small family homes will be improved.

For the last 5 years about 4,000 new childcare slots a year have been created. In 1987 the expansion rate will increase.

Pregnancy leaves will be extended beyond 18 weeks.

Children's benefits will be increased substantially. We will propose the implementation of a system of extra children's benefits for single parents.

We will follow up on legislation guaranteeing the right of young people under the age of 25 to work or receive training.

However there will not be room in the 1987 budget for lowering the general pension age to 66 or for giving pensions to employed people over the age of 64. This will be studied further in the 1988 and 1989 budgets, according to Prime Minister Gro Harlem Brundtland.

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CSO: 3639/157

CHANGES SEEN IN PRD-EANES RELATIONSHIP

Lisbon EXPRESSO in Portuguese 9 Aug 86 p 3

[Editorial by Jose Antonio Saraiva]

[Text] Eanes, nowadays, is a stranger in the PRD.

Why?

Because Eanes and the PRD are now "entities" that have divergent plans and objectives.

Gen Eanes is a former president of the Republic and a probably future candidate for the presidency of the Republic.

The PRD is a political party.

As the former president and the probably future candidate for the presidency, Ramalho Eanes must have irreproachable moral conduct, in which the political contingencies of the moment must be sacrificed to considerations of an ethical nature.

An example: Gen Ramalho Eanes, who put into power the current prime minister Cavaco Silva, and who several times has praised his strict principles and competence, cannot at any time, for mere political interests, begin to criticize him.

However, this cannot be the position of the majority of PRD leaders.

They support the party for the sake of politics and to achieve positions where they can take political actions--whether in the presidency of a chamber, the administration of a public enterprise or a seat in Parliament.

Under these circumstances, they cannot help but subordinate their behavior to the political contingencies of the moment.

Contrary to Eanes, they cannot, for example, help but attack the government--because it would not be to their advantage for the Socialist Party to benefit from the fact that it is the only non-communist party in opposition to the government.



As a result we see that Ramalho Eanes and many PRD leaders cannot help but have different perspectives on political developments.

Eanes must of necessity oppose certain initiatives which some reformists want to take--lest he be forced to accept them against his wishes. Of course that will inevitably create an atmosphere of ill will.

The curious thing about this story is that the Democratic Reform Party was created, according to what everyone said at the time, in order to support the political platform of Gen Ramalho Eanes.

One year since its founding, many things have changed.

There have been people that have installed themselves in power and consolidated their positions, there have been special interests benefiting from higher authorities, there was a course that was followed--all this with the general absent.

Hence, when Eanes joins the PRD in October, many of the leaders who created the party in order to support him cannot help but look upon him as an impediment--if not an actual roadblock, to their "legitimate ambitions," those political decisions which, in their opinion, better serve the Party's interests.

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CSO: 3542/144

## CAVACO SILVA SEEN SERVING INTERESTS OF LEFT

Lisbon O JORNAL in Portuguese 14 Aug 86 p 6

[Editorial by Augusto Abelaira: "Cavaco, Providencial Man for the Left"]

[Text] A certain clever party of the Right, one at least not directly benefiting from current power, that is, which does not reap the honors and the advantages of that power, and which in a certain way keeps itself on the margin (because of idealism or calculation), asks itself: in the end, Cavaco Silva broke the alliance with the PS because it impeded the famous "structural reforms," but, after almost a year since that dramatic decision, such reforms have not occurred nor is there any means in sight, with a minority government, for them to do so. Thus, except for those who most directly benefit from the honors and the advantages of power, who has the break served? Why must we have a government that will always be paralyzed by Parliament in matters considered fundamental? And, certainly, taking the question further, there will be those who ask themselves, even when they do not dare formulate the doubt explicitly: why, then, was the central bloc not preserved? Looking closely at the situation, the PS is (or was, I don't know) a complacent party, and Mota Pinto as well as Rui Machete were probably right: at least in part, much of what the PSD attempted would have ended up being achieved. In the government and in the alliance, even promising some support to Mario Soares' ambitions to be president of the Republic, the PS would reveal some stubbornness, obviously impossible, in the opposition.

It is at least a plausible hypothesis: much of what the PSD aimed to do would today have been reality. Perhaps.

The victory of Cavaco Silva, his much lauded popularity, would have been a Pyrrhic victory: it would have been a means of achieving certain ends, not an end in itself, and it would have ended up going halfway, not arriving at the desired goal. The guitar that Cavaco won would have been a guitar without strings or, at least, with only one string.

Turning this argument around (or thinking of it in terms of the Left), and because we truly do not know what would have become of the PS in power, if it had continued to be a complacent party, and because we still hesitate with regard to the PRD, perhaps it can be concluded (I do not know whether seriously or ironically) that the appearance of Cavaco Silva was, in the medium term, a gift of Fate, the unpredictable instrument of which history would have been

served in order to avoid certain manifestations of the Right; Cavaco Silva, the providential man, needed to work the so-called structural reforms desired by the Right!

And if you do not wish to take me seriously, don't.

P.S. At my side, a friend suggests to me another interpretation of the unexplainable designs of Fate. According to him, Fate holds well hidden up the sleeve new and relatively imminent elections that provide Cavaco Silva the possibility of forming a majority government, and thus the current situation is a deceptive gift to the Left, a period for Cavaco Silva to catch his breath and gain strength. However, contrary to what one might think, Fate would like to benefit Cavaco Silva by annulling, in the presidential elections, his future rival Freitas do Amaral, because Mario Soares, whether he likes it or not, will end up going the way of Freitas do Amaral, that is, calling elections, given the opposition's inability to form an alternative government.

Could my friend be right? That Fate is reactionary (I refer to the Fate responsible for presiding over the history of Portugal), that it does not know how to change with the times, that it continues to be a supporter of Senhor Dom Miguel, I have no doubts. In fact, I am completely convinced that it is illiterate, and that it only watches television. And that, anyway, these writings (addressed to Fate with the intention of converting it) are completely useless. Being illiterate, it would not be able to read them.

13026/12859

CSO: 3542/144

## PAPERS ASSESS BILDT IN ROLE AS OPPOSITION LEADER, PARTY HEAD

## Must Weigh Guns, Taxes

Stockholm SVENSKA DAGBLADET in Swedish 19 Aug 86 p 2

[Commentary by Mats Svegfors: "Guns or Lower Taxes?"]

[Text] Parliament Building--In Stockholm yesterday--a rain-laden Monday afternoon--"altar and sword" dominated the building used by the people's elected representatives. The Church Synod was meeting under its secular leadership: Goran Astrand (Conservative Party, Stockholm) is the synod's chairman. And somewhere down in the cellar of the old Government Office Building, in the offices of the Conservative Party Executive Group, Carl Bildt (Conservative Party, Stockholm) had called a press conference to present his party's material for consultation on the question of defense.

Although Bildt's purely personal relationship with the country's armed services is like Astrand's relationship with the church--on being called up for service back in the prime of his youth, Bildt was selected to be a staff welfare assistant--he presided over the press conference with authority. Assisting him was Admiral Rudberg, former Navy commander in chief and a member of the Conservative working group that was now submitting its report. And he stood out as a mature and experienced aide to his future party chairman.

Per Rudberg may be somewhat less militaristic than Bildt. Bildt talked about the report that was about to be circulated within the Conservative Party organization for comment as being our "materiel." Rudberg did not. It would not surprise me to learn that Carl Bildt has been a more diligent observer of Navy "materiel" in recent years than the Navy commander in chief himself. Bildt has probably not had time yet to dress himself and his mind in that civilian uniform which party leadership is going to require, hence his grammatical slip of the tongue.

Bildt talked and explained. The reporters dutifully took notes and respectfully asked questions about the topic prescribed in the invitation to the press conference. "This was a good seminar" was Olle Soderlund's sour comment on the report after the press conference was over.

The "material for consultation" concludes with a number of questions. Their wording is engagingly straightforward. Bildt and his working group are asking the Conservative Party's working members around the country precisely those questions which the Conservatives will find it touchy and difficult to weigh in the final stage of the Defense Committee's work.

The first question is whether the Conservatives should be prepared to do battle over defense or whether it is more important to achieve unity. Bildt's own preliminary answer provides no clear-cut guidance in that respect. His formula for the time being goes as follows: "It's good to have a good agreement. It would be bad to have a bad agreement."

The second question concerns taxes. Defense costs money. "In the long run," those expenditures must be offset by state revenues, and that in turn "will require a certain tax levy on the citizens." The wording is, to put it cautiously, cautious. But having been chastened by the years of nonsocialist government, Conservatives probably know what the wording means.

Should the Conservative Party leadership be prepared to accept a relative increase in taxes to reach an good agreement on defense? Should it be guns or lower taxes?

Sweden's vulnerability and Sweden's role in international disarmament work are aspects of security policy which, even in other connections, rank only third or fourth in Conservative policy. Though not so worded, what the Conservative report says is this: "Can we continue this way?"

The questions are open-ended, differing in that respect from the type of question that party leaders usually put to their members. "Do you think that a small number of capitalists should make the decisions in workplaces, or do you want democratic influence through wage earner funds?" is a type of question more representative of the internal democracy that the country's political parties usually engage in.

Carl Bildt uses a mellow tone within his party. And his ambition is probably to be fairly mellow in talking to those outside as well. But in that respect, his talent with words gets the better of his ambitions. According to the future chairman of the Conservative Party, the minister of defense is so uncommunicative that it is difficult to know where he really stands.

Bildt assumes that Roine Carlsson is still "in an input stage." When asked about the significance of the fact that he will keep his seat on the Defense Committee after becoming party chairman, Bildt said that it would create scheduling problems, but that it was a good thing otherwise. With a restrained but ill-concealed delight that was clearly aimed at his colleague Westerberg, Bildt said it would "require that other party leaders study up on the question."

After the press conference, Bildt took off for the Parliament House Restaurant (this shows that he is as conscientious as he is willing when it comes to making sacrifices: a party leader must be prepared to share his people's fate,



and that means eating in the Parliament House Restaurant when one is a party leader). There the altar and the sword met. Before Bildt made his entrance, the feeding establishment had been dominated by Messrs Werkstrom and Stendahl in their little clerical dickeys. But the presence of a future party leader tempts laymen and prelates alike to do a little arm-twisting. Lines formed in front of the Bildt lunch table.

Under the rules that prevail in the world's only socialist monarchy with a state religion, it falls to a party leader's lot to be more than just an authority on Russians, guns, and taxes. He must also interpret the Bible and ascertain whether it is God's intention that women should be ministers. In Sweden, altar and sword are thereby united in an indissoluble union. And after 23 August, Bildt will shine in all those areas combined, along with his colleagues Westerberg, Soder, Carlsson, and Werner the dean.

### Bildt's 'Test of Fire'

Stockholm DAGENS NYHETER in Swedish 20 Aug 86 p 2

[Editorial: "Test of Fire for Bildt"]

[Text] The Conservatives are going out to their party branches and asking for views on defense policy, the main purpose being to obtain answers to two core questions: how desirable is an agreement across party lines and how should the strengthening of defense be financed?

It is to be hoped that Conservatives all over the country will take those problems seriously. From the standpoint of orthodoxy, of course, nothing would be simpler than to pursue the demand for a 2-percent annual budget increase and let the cost be covered by cutbacks in other government spending. That may be a basic Conservative attitude, but sticking to it with no sidelong glances would mean depriving the party at the same time of possible influence on the coming defense decision.

Other parties besides the Conservatives also have reason to think about the further actions they will take in the runup to the defense decision. The Social Democrats have really not committed themselves to anything besides the idea that defense spending should at least not be reduced during the period from 1987 to 1992--otherwise, the field is open, at least up to an increase of 600 million kronor in the defense budget. The Liberal Party, which has decided in favor of precisely that amount, has reason to ask itself whether that really corresponds to the higher aspiration level for defense that it advocates. And for both the Liberals and the Center Party, the question is which way they should turn to begin with in seeking an agreement: should they seek an adjustment with the Conservatives to come up with a joint nonsocialist line, or should they try for an agreement with the Social Democrats directly?

It looks as if we are in for a long-drawn-out battle in which both commitment on specific issues and partisan considerations will play a role. For Carl Bildt, it will be something of a test of fire to combine the knowledge he has had many years to acquire with his suddenly acquired role as leader. If he is

able to use his advantages skillfully enough, the Conservatives may wind up in a key position before the defense decision is made. In that area, it will be difficult for Bengt Westerberg or Karin Soder, and even Ingvar Carlsson, to enter the competition. After Olof Palme and Anders Thunborg, who at the last party congress had to stand alone in opposing unilateral disarmament, the Social Democrats do not have any really outstanding debater on defense issues.

At the same time, a degree of ball-throwing seems to be going on between the Conservatives and the OB [supreme commander of the Armed Forces]. The OB agrees in a somewhat embarrassing way that the Conservatives have spread their 2-percent annual appropriation increase over 10 years so that it comes out exactly even with his own request for a 3-percent annual increase for 5 years. The fact that Carl Bildt is assuming that the OB would be happy during the next 5 years with an unchanged appropriation level must surely be viewed as part of the party-political game. Much more surprising is the fact that in his program plan, the OB talks about "obvious similarities over a 10-year period" between his own proposal and that by the Conservatives.

But no one can seriously expect the OB to advocate a freeze on the defense appropriation when the time comes for the next defense decision in 1992. On the contrary, it is likely that the appropriation increase which we can expect in any case to see in next year's decision will form the starting point for further requests. Unfortunately, there is no reason to expect improvements in our security situation over the next few years. Instead, it looks as though the arms buildup in Sweden's vicinity is going to continue.

From the standpoint of defense policy, then, the issue is not just how big an amount Parliament should appropriate and what it should be used for: another important question is how the appropriation should be structured. The alternatives at the moment are the "lump-sum model," in which the Armed Forces would be allotted a certain sum--say 600 million kronor--in each of the next 5 years beginning in 1988, and the "percentage model," in which the increase would follow a rising scale--at 2 percent per year, for example. Of those two choices, the percentage increase is preferable as far as the Armed Forces are concerned, since it provides a "suit to grow in" and the chance to keep pace with arms buildups in the world around us. The disadvantage is, however, that the appropriation increases would be quite modest during the first few years, and at the same time, Parliament would be committing itself to a gradual cost increase in an economically uncertain future.

What would be desirable, therefore, is an interparty agreement to spread the appropriation increase according to a more sloping curve than the one provided by a percentage increase. From the economic standpoint, this is presumably the least painful way to give the Armed Forces a needed financial boost. But anything like that will be unrealistic if the Conservatives, with an eye on the next election campaign, choose to stick uncompromisingly to the positions they have taken.



## Sharper Party Profile Likely

Stockholm DAGENS NYHETER in Swedish 21 Aug 86 p 8

[Commentary by Sven Svensson: "Carl Bildt Will Now Be Forced To Choose Attitudes; No Old Conservative Formulas Practicable"]

[Text] With Carl Bildt as party leader, the Conservative Party is getting a more solidly based ideologist than it had in Ulf Adelsohn, who depended mainly on intuition and a quick tongue. That should help create sharper boundaries between the political parties while also resulting in a conscious restriction of the Conservative Party's electoral base. With Carl Bildt as party leader, it will be difficult for the Conservatives to try to be the all-embracing nonsocialist coalition party.

During the debate in the last election campaign over a change of system, which became a suicidal precipice for Ulf Adelsohn, Carl Bildt--whose family history includes a prime minister--was a zealous prompter. Contributing to the election defeat was the fact that the Conservatives were dazzled by their own excellence, 10 years of uninterrupted success under Gosta Bohman, and the fact that they were continuously overrepresented in the voter barometers published by SIFO [Swedish Institute for Public Opinion Polls].

More than anyone else, Carl Bildt acted as Ulf Adelsohn's second and as his inspirer. Adelsohn relied on Bildt, not only when it came to special issues but also for ideas.

Just like Ingvar Carlsson after Olof Palme's assassination, that political second is now going to become both party leader and the implementer of political ideas. This is an interesting transformation which may bring both advantages and disadvantages.

More than any other party, the Conservatives require a father figure in the party's leadership. It is also desirable that he be an intellectual leader with academic qualifications in his baggage, preferably a law degree, as the examples of Ulf Adelsohn, Gosta Bohman, and Jarl Hjalmarson show.

Carl Bildt, the eternally young student of political science, will not find it altogether easy to step into any of those Conservative shoes, but he will nevertheless bring both knowledge and a talent for theory, and perhaps good humor as well, into the party. Bildt is ambitious, knowledgeable, and well read in his special fields and is every bit Olof Palme's equal when it comes to being an arrogant political debater.

But in his public appearances, Bildt also comes across as the typical government official in pinstripe gray. Although in private he is both jolly and easy to approach, there will be no more grass skirts, samba shows, or mass happenings at the Scandinavium or the Johanneshov after Bildt takes over from Adelsohn. On the other hand, Carl Bildt's delight in playing with words and his uncontrollable urge to show off can easily become a danger for him as party leader.

Above all, Carl Bildt has specialized in foreign policy, defense policy, and security policy. More than any other Swedish politician, he has challenged the Social Democrats on their own turf on those issues.

Carl Bildt's good fortune was made during the days of the Submarine Commission. In the report on the intrusions in Hars Bay, the Soviet Union was pointed to as the intruding superpower, and there is no doubt that Bildt was a driving force behind that condemnation.

More zest was added to the sauce when Bildt flew directly from the Submarine Commission's press conference to the Pentagon, the military headquarters in the United States, where he met with intelligence men of various kinds.

For that breach of sacred Swedish neutrality, Carl Bildt wound up getting his ears tweaked by Palme when the Foreign Relations Committee met at the Palace.

The ensuing debate and the foreign-policy bull of excommunication which Olof Palme eventually issued in the name of the entire government showed that Carl Bildt could indeed be just as venomous as Olof Palme. At that point in time, nothing could have been a better recommendation in Conservative circles. The duel with Olof Palme over the Pentagon issue is therefore one important reason why Carl Bildt is now being crowned the new Conservative Party leader.

As head of the Conservative Party's Coordination Office back when his father-in-law Gosta Bohman was head of the government, Carl Bildt occupied himself with many different political issues. The fact remains, however, that Bildt is primarily a politician versed in security issues and is relatively untested in the areas of economics, family policy, and energy issues.

Even though the new defense decision is to be made within the next few months, the economy, family allowances, and the phasing out of nuclear power are the outstanding areas to which a new Conservative Party leader will have to apply all his energies.

Carl Bildt's one-sided background therefore raises the question of the roles to be played by deputy party leaders Lars Tobisson and Ingegard Troedsson in the coming Conservative triumvirate. Tobisson is extraordinarily knowledgeable and well-read in the economic field, and Ingegard Troedsson knows family policy and taxes like the back of her hand. Decentralization is a good thing, but when all is said and done, a party leader still has to bear the main responsibility, especially when things go wrong.

When Carl Bildt was nominated as the new party leader, he promised that Conservative policy would not change. He dismissed the alleged antagonisms between social conservatives and neoliberals, between town and country, and between national and local politicians as being an academic discussion.

One thing is perfectly clear:

The Conservative Party's image under Carl Bildt cannot remain unaffected by the disappointed hopes in the 1985 election, when Ulf Adelsohn was supposed to

sail through with ease as the first Conservative prime minister since Arvid Lindman's time. The debate over a change of system, in which Carl Bildt played a part, has been duly put to the test and rejected.

As newly elected party leader, Carl Bildt will have to choose an attitude both toward the Social Democratic government and toward the other two nonsocialist parties that will help get him back into the ardently coveted Cabinet Office.

Gosta Bohman made constant capital out of his confrontation with Olof Palme, and Ulf Adelsohn tried to follow in the same path. But Olof Palme fell victim to an assassin's bullet, and that contributed to Ulf Adelsohn's decision to resign as party leader. Carl Bildt is therefore being forced to look for a new angle from which to attack the Social Democrats.

History teaches that things have easily gone wrong for the Conservatives whenever they have challenged social security. Jarl Hjalmarson had to resign as party leader after he, with support from party secretary Gunnar Svard, tampered with child allowances, the same happened to Gunnar Heckscher because of his criticism of the ATP [General Supplementary Pension Plan] system, and Ulf Adelsohn was tripped up over the change of system.

The work now underway to draw up a new Conservative platform for the 1988 election may be the salvation Carl Bildt needs in order to shift the emphasis in Conservative preaching away from a change of system.

With Ingvar Carlsson as the new Social Democratic Party leader, personal attacks will have to be toned down, and criticism will have to be oriented more toward ideology and objective issues. For a party that is aristocratic and the vehicle of culture, which the Conservatives are, simply complaining about taxes will no longer be enough.

Even in his relations with the other two parties, Carl Bildt will have to choose his path in an entirely different way than previous Conservative leaders did.

Father-in-law Gosta Bohman could maintain credibility while talking about nonsocialist cooperation and pushing for a distinct Conservative image, while Ulf Adelsohn was bewitched by the Conservative Party's high standing in public opinion polls and could therefore turn the other cheek when he was attacked.

It now looks as though the nonsocialist parties will become more equal in strength, and the Conservatives, following their defection from two nonsocialist governments, no longer enjoy any special credibility on the sacred subject of cooperation among the three nonsocialist parties.

In this situation, the question of who will become established as the most credible nonsocialist candidate for prime minister is of great importance to future political developments. Those in the running are Karin Soder, with lengthy experience in Parliament and as minister of foreign affairs and minister of social affairs; Bengt Westerberg, with brief experience in Parliament but considerable administrative experience since his days as under

secretary of state; and, lastly, the eternally young Carl Bildt, who has been involved in politics since his school days.

If Carl Bildt is serious about competing for the coveted position of prime minister, he will have to tone down his arrogance and see to it that the Conservatives do not challenge the other nonsocialist party leaders to a duel. The 1985 election campaign over the change of system showed that the specter of the Right still lives in Sweden, at least among older voters.

### 'Cold Intellectualism' Worries Some

Stockholm DAGENS NYHETER in Swedish 22 Aug 86 p 10

[Article by Kaa Eneberg]

[Text] Carl Bildt is in a position to become the best and most brilliant party leader we have ever had, but it would still be unwise to elect him in the current situation. Because what will the party do if the 1988 election is a fiasco? We will have expended our best candidate for party leader.

With his cold intellectualism, Carl Bildt is running the risk of becoming as isolated on "his Olympus" as party leader Gunnar Heckscher was 20 years ago.

In conversations with DAGENS NYHETER, that is how Conservative Party veterans aired their concern over the approaching election of a new leader for the Conservative Party.

When Conservatives from all over the country gather at the Parliament Building in Stockholm on Saturday, the total unity and support surrounding 37-year-old Bildt will be strongly emphasized.

### Concern Under the Surface

But smoldering under the surface is a concern for the future. Doubt and some disillusionment may exist, primarily among older and middle-aged Conservatives who feel that the time is not really ripe for "young Bildt." First Deputy Speaker Ingegard Troedsson was long regarded as "a safer card" even by Conservatives who were more in sympathy with Carl Bildt.

DAGENS NYHETER spoke with a number of party veterans who have all been active in key positions in the party for many years and have watched party leaders come and go. They all requested anonymity.

It is worth noting that none of those with whom DAGENS NYHETER spoke questioned Ulf Adelsohn's decision to resign. They all feel great respect for Carl Bildt's knowledge and brilliance and emphasize that he has "much more breadth than people think. He is actually not inclined only toward foreign policy and security issues."

This was how those with whom DAGENS NYHETER spoke expressed their misgivings about the election of a party leader:



"The election may put the party in a difficult spot. If there is not a nonsocialist victory in the next election, the disappointment will be great--even greater than after the 1985 election. And if Carl Bildt is then held responsible for that defeat, the party will have no one to fall back on.

"Carl Bildt is in a very tight situation, since he was more or less forced to accept the post. With his extremely reserved and standoffish disposition, he must be having a rough time of it himself. It is to be hoped that his well-known stability will not waver."

"Dry Humor"

None of those with whom DAGENS NYHETER spoke felt that Carl Bildt's alleged personal coldness was a problem.

"Carl Bildt is actually anything but cold as a person. It's just that he is an unusual type of politician for us--the English type, with a fine sense of dry humor.

"No, the problem with him personally is that he lacks affability. No matter how clever dry humor is, it is not likely to work with ordinary people."

That lack of affability was precisely the problem mentioned by several people.

"How will he be able to handle small talk with the 'old ladies in the town square,' which any party leader must be able to do, especially in an election campaign? Not to mention the heckling from opponents who are also present at election meetings."

One veteran who expresses concern over Carl Bildt's chances for developing a "party leader's charisma" argues that he may be able to turn his "technocratic image" into an advantage.

"Following Olof Palme's death, we are, of course, in a period in which less feeling is being shown in politics. Both Ingvar Carlsson and Bengt Westerberg (Liberal Party) are technocratic and cold types, and it may well happen that Carl Bildt will really be able to turn this new, technocrat-dominated political scene to his advantage."

"Too Soon"

Several people point out that it is too soon to really speculate about Carl Bildt's profile as party leader.

"For a politician, it is never suitable to develop the personality of a party leader--or call it charisma if you will--before the party calls on him to be a leader. Not until he is a party leader does he have the opportunity to develop charisma.

"Think of how unknown and hopeless Gosta Bohman appeared to most Conservatives when he took the helm in 1970. Who could have dreamed at the time that that

cold businessman and jurist would be able to develop such a personality?" says one Conservative who often clashed with party leader Bohman but always respected his contribution as party leader.

They all extolled his very broad knowledge and brilliance. Surprisingly, one even said that his strong liking for Carl Bildt was due mostly to the latter's profound and genuine views on social policy.

In general, knowledge in the field of social policy has been viewed as competitor Ingegard Troedsson's strongest card and Carl Bildt's weakest.

"No, Troedsson's views on social policy have been dominated too strongly by her passion for economic policy. Unlike Carl Bildt, she has never had the real feeling for social responsibility that the party stands for. Her interest has been limited to performing acrobatics with numbers!"

Like Heckscher

Some practical and earthy voices see a danger in Bildt's somewhat too easy rise to the party leadership and his limited contact with "ordinary people."

"He has seldom talked about completely ordinary things. He is accustomed only to talking about facts and intellectualizing problems. He can easily run the risk of becoming isolated on his high 'Olympus,'" says one Conservative, who recalls how Prof Gunnar Heckscher, the leader of the old Conservative Party, was forced to throw in the towel in 1965 after only 4 years on the job.

All are looking forward eagerly to Carl Bildt's speech as party leader on Saturday. The reason is that oddly enough, considering all his years in politics, he is an unknown quantity as a speaker before large gatherings!

#### Bildt Addresses Party

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 6

[Article by Ake Ekdahl]

[Text] Sweden has moved too far into collectivism. Now new times are awaiting us and modern developments are making a breakthrough. In this time of change, the Social Democrats will find it hard to keep up.

That is the vision held by the Conservative Party's new leader, Carl Bildt, who sees a flourishing future ahead for his party in the service and information society.

The newly elected party leader described the above in a lengthy speech of ideas without indicating a stand on a single issue in the current political debate.

"I will do that later," Carl Bildt promised at the press conference that followed.

Bildt described a "Sweden of concrete" as being the result of social engineering.

"We wound up with an empty individual, raised among suburbs, glass, and concrete, incapacitated by the Social Welfare Board and watched over by the SCB [Central Bureau of Statistics], and ensnared in Red Tape Sweden's web of regulations, exhortations, and attentions."

The result was problems that cannot be measured, he said, but added that he now saw a new day dawning.

"In that new age, the industrial society will gradually give way to the information society. New technology will pave the way for new solutions. The information society will decentralize where the industrial society centralized. The opportunities for new freedom exist, but first we must break with collectivism," he said.

Bildt saw the withering away of the old industrial society's localities and the blossoming out of new centers with the power to grow. He saw a transformation of regional policy as representing progress and a necessary change.

"We will liberate Sweden from taxes, bureaucracy, regulations, and guardianship," he said, promising that districts which have turned into backwaters would be able to benefit from their proximity to unspoiled nature in the same way that mines, railways, and ports were once important assets.

"In a society such as that, collectivism will be hopelessly out of date," the Conservative leader proclaimed.

He rejected collectivism for the developing countries as well and said he saw signs of a new way of thinking in China, India, and Tanzania.

"There is no average Swede in reality, but only in the SCB's statistical tables. Every individual is unique. People are motorists, pedestrians, students, parents, tourists, consumers, bookworms, wage earners, happy urchins, tenants, nudists, and cabinet ministers," he said, giving his predecessors a mischievous dig.

That remark was a hit and drew applause from the delegates.

#### No Information

At no time during his speech did he mention the other parties by name. No information was provided on how the Conservatives intend to behave toward the Social Democrats or the other nonsocialist parties.

Responding to a direct question as to whether the Conservatives would take part in a joint election platform in connection with the 1988 election, Bildt said evasively that he had not received an invitation to do so. He expressed hope in general terms that open channels among the parties would continue and



that big projects would be planned without a big hullabaloo being made for the benefit of the mass media.

Bildt had no criticisms concerning the Carlsson government's foreign policy, but he predicted a tougher debate over the controversial pension tax, family policy, and defense appropriations.

He regarded the Social Democrats as being most vulnerable on the issue of the new tax in the short term and on the issue of family policy in the long term.

#### Columnist Assesses Inauguration Speech

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 6

[Commentary by Sven Svensson: "A Lecture on Freedom"]

[Text] Carl Bildt delivered an inaugural lecture when he was elected on Saturday to succeed Ulf Adelsohn as the Conservative Party's new leader. He borrowed a phrase going all the way back to Torgny Lagman and then laid out the Conservative Party's policy for the information society that will exist in the 21st century.

Perhaps it was wise of Carl Bildt to talk in such general terms in the present situation. Bildt avoided at all costs any specific statements concerning current politics.

That leaves time to think things over, and time to think things over may be needed. In the Conservative Party, the broad outlines for defense, family policy, and energy are to be determined at conferences preceding the regular national congress next year.

Carl Bildt lived up to his reputation as a more outstanding ideologist than his predecessor, Ulf Adelsohn. Conservatives should love freedom and respect people--as unique individuals.

Carl Bildt's main ideological message in his inaugural lecture was a single, lengthy declaration that collectivism and Marxism as a political idea were dead. Man can never be a set of average values in tables from the SCB. Instead, we are and want to remain unique individuals. That was the message he drummed into the Conservative delegates.

Despite the speech's ideological and historical stamp, it did not make a colossal impression on the delegates. The first applause did not come until after several pages. Not until Carl Bildt talked about the average Swede was there a fair amount of echo within the oak-paneled walls of the auditorium once used by the Lower House of Parliament.

For Carl Bildt had said that the average Swede is a consumer, bookworm, wage earner, wild urchin, nudist, and cabinet minister. Gosta Bohman and Ulf Adelsohn both got it that time from their younger successor.

In the written speech, there was no mention of any other political party by name, and only the Liberal Party was mentioned in the election ceremony itself. This confirms that Bengt Westerberg's phoenix-like ascension into election heaven made a deep impression on the Conservatives.

Actually, Carl Bildt aimed crushing criticism at the Social Democratic government's policies from the postwar period right up to today.

Collectivism, Nietzsche, and Newton were condemned all in one breath, the "concrete policy" received its death certificate in a subordinate clause, and author Lars Gustafsson's poem entitled "From the Sunny City's Walls" provided the key to the policy that the Conservatives are trying to pursue.

It was remarkable how strongly Carl Bildt emphasized his interest in nature. Carl von Linné was named as perhaps Sweden's greatest scientist, while in Carl Bildt's own time, man's security lies at home and in affection for one's home district.

A policy which is based on a never-ending stream of government support but which snatches away the foundation of family, district, familiarity with history, national self-esteem, and faith will never give people security.

At the Conservative Party's previous national congress, Ulf Adelsohn had emphasized his strong belief in nonsocialist three-party cooperation. That also became more or less his testament at the time of his resignation.

In Carl Bildt's lecture, that view was conspicuous entirely by its absence. And at the press conference that followed, he showed only moderate interest in joint three-party action.

In the impatient and nervous world of the media, he is presumably going to be restrained in his talk about nonsocialist cooperation. He is presumably going to live by the motto which says that "big things happen quietly."

We will see how long Carl Bildt can hold out against the impatient world of the media. It is only a question of time before he will be forced to reveal his attitude toward the Social Democrats following Olof Palme's death and toward nonsocialist three-party cooperation--perhaps under Bengt Westerberg.

#### Opposition Role Viewed

Stockholm DAGENS NYHETER in Swedish 24 Aug 86 p 2

[Editorial: "A Member of the Opposition"]

[Text] As mobility among voters has increased, the personalities of the party leaders have become more and more important. That is the permanent lesson to be learned from the so-called Westerberg effect on last year's election. Three parties in Sweden have now changed leaders in half a year's time--something that has never happened before. It is certainly no exaggeration to say that we have entered a new political era.

What can we anticipate in this new era? We must try to imagine situations somewhat less idyllic than the present one. How would today's party leaders behave during a serious and lengthy economic crisis? How much power would they have to lead public opinion or to resist relentless and irrational trends that might develop within their own ranks when antagonisms grow sharper?

In the new set of party leaders, there is a certain solidity and correctness in mixed shades of gray--the normal Swedish decency and reasonableness-- which does not arouse expectations of abrupt political changes or drama. None of that characterizes the party leaders who have dominated the scene during the 1970's and--until now--the 1980's. Despite all the differences between them, Palme and Falldin both had extra dimensions in their characters: ardor and commitment, political imagination, and a genuine feeling for the way political conduct can change reality and lead people's thoughts down new paths. The latest of our party leaders to leave--Ulf Adelsohn--is not a great politician, but he has charm and spontaneity and knows how to establish personal contact. As Carl Bildt expressed it in his tribute to his predecessor yesterday: "He has given Swedish politics a human face." The politicians in the front rank were able to arouse interest as personalities.

To put it brutally, we are on the way toward experiencing a problem with boredom in politics. It may become more difficult for the parties to keep people's interest up. The most alert members of the young generation have a thousand other things to attract and absorb their attention, and the traditional parties, with their unchanging ways and ritual campaigns and often slogan-filled messages, have trouble competing. Most of us can see this in our own surroundings. How many young people do we know who are genuinely interested in politics?

Carl Bildt is still fairly anonymous, and it is possible to pin big hopes on him. The slightly cold and stiff impression he conveys is not something to worry about. Let us hope that he can soon stop hearing about how "well-read" he is. He is young, but he is not a schoolboy, and a party leader should be judged by standards that apply to adults.

His speech at the special party congress provided no new political information. He avoided even the mention of other parties or politicians. He devoted a long section to polemics against a certain variant of political rationalism. He attacked "social engineering" and drew bold parallels between the Conservative Party's view of freedom and the view that modern physics holds of the nature of matter. The train of thought is not easy to follow, but at least it gives a definite impression that there is a deep dimension to the political message.

Ulf Adelsohn said of himself that he was more a builder of society than a critic of society. And by nature, Carl Bildt is probably also primarily an "achiever" with a strong desire to serve in the government, but at the same time, he has shown a considerable aptitude for polemics. When politics returns to normal, his supporters will expect him to take command of the opposition. With the political calm of this past spring and summer behind us, there is an expectation that the nonsocialist alternative will remind people

of its existence, and there will be competition among the three opposition leaders to find the theme that will catch on. Bildt's first appearance as Conservative Party leader indicates that he realizes that a degree of unobtrusiveness may be effective and that a politician should not attack for the sake of attacking.

But it is as a member of the opposition that he will be tested--in a situation in which the government has many strong cards and in which the climate in public opinion favors traditional middle-of-the-road politics. Together with Bengt Westerberg and Karin Soder, he has the obvious task of paving the way for a change of government in 1988 and of seeing to it that when it happens, there will be a political alternative capable of functioning.

#### Bildt Ignores Defense Commitment

Stockholm DAGENS NYHETER in Swedish 20 Aug 86 p 2

[Editorial Roundup: "Conservative Defense"]

[Text] Considering its population and economy, Sweden has a strong defense force that stands up well in international comparisons, according to the DALA-DEMOKRATEN (Social Democratic), which writes:

"But weapons and technical equipment are not everything. Sweden's defense and security also depend on the foreign policy and neutrality policy being pursued. Unfortunately, the Conservatives are not reliable guarantors in that respect. Carl Bildt has clearly demonstrated his aggressive narrow-mindedness.

"Not everything can be bought with money, strange as that may seem to the Right. A secure defense is also needed."

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## NEW BOOKS REVIEWED ON SOCIOLOGY OF CONTEMPORARY YOUTH

Bonn DAS PARLAMENT in German 19/26 Jul 86 pp 18-19

[Book reviews by Eike Henning and Peter Heitkaemper of nine recently published books on youth in the FRG]

[Text] Though during the past 5 years such slogans as "protest," "no future," "Null bock" ["No way"] have been characteristics of books about youth, this type of emphasis is less pronounced these days. New studies maintain that the outlook for the future among young people is improving, that there is an increase in satisfaction with the FRG type of democracy (presently 71 percent of the 14 to 21-year age group). That is the judgment of the federal minister of education, based on the EMNID study she commissioned: "Werthaltungen, Zukunftsenwartungen und bildungspolitische Vorstellungen der Jugend 1985" [Value Judgments, Expectations for the Future, and Education Policy Ideas of Young People, 1985]. Another study ("Jugend ohne Zukunft?" [Youth Without a Future?], Allerbeck/Hoag, 1985), emphasizes that a "new national socialism" is failing to find adherents among young people. Studies of this sort serve to place into proper perspective the impression of protesting, rootless youth, and emphasize the integrative aspects--but even according to the generally optimistic EMNID study, 25 percent of the young people are dissatisfied with the FRG's democracy. After a discussion of matters affecting youth in 1980-81, a lopsided account of youth disturbances and squatters' activities ("Zueri is burning," "Berlin occupied") which dealt with such 1980-81 subjects as "Split or stay," "Drop out or rebel," "The Big Split--Revolution '81," the present period appears to lend itself to less global and placative, but rather more "problem-focused" youth studies, as Rosenmayr calls them.

In Rosenmayr's words, the new publications discussed below are examined as to their capability of reflecting "the viability and the depths of social processes," so as to become conscious of "the pitfalls and the opportunities provided by the cultural and psychological changes."

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Hurrelmann, Klaus, Rosewitz, Bernd, Wolf, Hartmut K., "Lebensphase Jugend. Eine Einführung in die sozialwissenschaftliche Jugendforschung" [Life Phase "Youth"--An Introduction to Youth Studies in the Social Sciences], Munich, Juventa Verlag, 1985, 179 pages.



Hurrelmann and co-authors submit their survey from the standpoint of sociological research. Their objective is to bring together the perspectives of "the personality analysis of developmental psychology" and "sociological structural analysis" so as to highlight the tension between "individuation and integration" which is characteristic of the youth phase. This objective is dealt with in a traditional manner, by following an outline of socialization research with a treatment of socialization channels (family, school, peer groups, work environment). In addition, brief mention is made of the structuring force of societal conditions of the youth phase and, separately, youthful confrontation with those life situations. A final chapter deals with social and pedagogic offers of help, in order to cushion the "impairment and damage to the social, cognitive and emotional development" of a youthful "minority." The concept of "support networks" for "providing developmental possibilities for young people," which is thus introduced, is elucidated with school serving as an example.

As the determining factor for the youthful socialization process as a bridge to the adult role, Hurrelmann elaborates the long period spent in education and training and/or the diminishing occupational socialization. In his somewhat complicated scientific jargon, his statement reads as follows: "The prevailing characteristics..for most young people... is long-term schooling with institution-specific demands upon social and achievement attitudes and deep-seated historical significance for occupying their social slot within the social structure." Such socialization is successful in the majority of cases. However, unconventional actions (e.g., extremism, alcoholism, drug use, criminality, vandalism, provocative nonconformity) throw a spotlight upon more general problems of young people's individuation and integration process.

Hurrelmann thus denies any "closed interpretation" and emphasizes the "plurality of living conditions." However, in this respect the treatment remains too general in nature. Problem areas are no more thoroughly defined than are problem groups, causing this small volume to combine all the advantages and disadvantages of a concise, but necessarily non-specific introductory text. However, anyone looking for a general survey of the socialization processes in the "youth life phase" could make good use of this volume. But he should also pay close attention to the suggestions for additional reading which follow each chapter.

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Bruder-Bezzel, Almut/Bruder, Claus Juergen: "Jugend. Psychologie einer Kultur" [Youth--The Psychology of a Culture], Munich/Vienna/Baltimore, 1984, Urban & Schwarzenberg Verlag, 228 pages.

Bruder-Bezzel and Bruder have written a psychoanalytically and psychosocially oriented survey, inspired by English class-cultural studies and by Kohlberg's concept of moral development. The aim of this study is to elicit sympathy for the "Young People's Culture Revolt '80" and/or to unmask "anti-youth sentiment" in government and society. The main emphasis of this work is

placed on explaining the reasons for youthful efforts to break away. For this reason, the areas of "youth culture," "subculture," and "counterculture" are treated in great detail. This makes a strong case for taking sides with youth embroiled in social change.

Bruder-Bezzel and Bruder are attempting to bring about "a confrontation between two points of view--the view from outside, i.e., from the adult side, and the view from inside, that of the young people themselves," so as to have some interaction between the two positions. The authors show understanding for what Negt calls "excesses of fantasy" on the part of the rebellious youths. They give a detailed account of the punk scene and thus create understanding for its motivations. Criticism and self-determination become recognizable as the motor for many youthful attempts at breaking away. This sympathetic attitude is characteristic of the book and constitutes its particular value. This study should therefore be read and thought about by "those immovable representatives of the reigning order." In doing this, they would be well advised to skip the political and social-structural generalities of the chapters dealing with rebellion and unemployment, and to concentrate their attention upon the strengths cited above.

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Frackmann, Margit, "Mittendrin und volldaneben" [Deep Inside and Totally Out of It--Today's Youth], Hamburg, VSA Verlag, 1985, 169 pages.

Frackmann has constructed a social structure-oriented survey, which particularly compensates for the weaknesses of the Bruder-Bezzel/Brucer book, but also provides information on the political-economic status of young people in the FRG beyond that provided by Hurrelmann. This author too emphasizes the long duration of the education and training phase. The "great rise in the level of competence required to qualify for employment," the realities of the welfare state and the crises besetting the economic processes generate the dilemma which feeds youthful rebellion: "In the welfare state...there develop, outside the work place, some perspectives for an individualistic lifestyle which at the same time come into conflict with the existing socio-economic limitations. Young people are particular victims of these contradictions, since they had participated, via their families, in the welfare state development and the prosperity phase. However, there is discrimination against the needs and requirements of their developed individuality in the transition between school and occupational training and employment, thus making the implementation of their life planning appear hopeless for the majority in view of the economic crisis and hard-core unemployment."

The strong point of this work, which mentions value orientations and subcultures only in passing, is that it elucidates this dilemma without going into political-psychological protest analysis ("relative deprivation"). Frackmann makes a case for "qualified training" and pleads for "more comprehensive intervention in the occupational training and employment market



system." The author advocates a point of view firmly embraced by the trade unions. The problems of the DGB in organizing the young people are acknowledged, but hardly touched upon.

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Dudek, Peter, "Hugendliche Rechtsextremisten. Zurschen Hakenkreuz [Youthful Rightwing Extremists--From Swastika to Odal's Rune, 1945 Until Today], Cologne, Bund-Verlag, 1985, 243 pages.

The thrust of Dudek's paper about the "change of generations" among the FRG right-wing extremists is to avoid the pitfalls of "minimizing" as well as "overdramatization." To maintain this position, the author initially establishes as a point of reference the development of the "youthful extreme right-wing subculture at the micro-level" for the period 1950 to 1980 and describes the organizational history of youth-relevant right-wing extremism, especially the development of small units, which is of organizational sociological interest. He places particular emphasis on the "antisemitic graffiti wave" (1959-60) and the organizations which are significant today (True-to-the-Homeland Youth, Viking Youth, Young National Democrats). He also deals with the turn to "political militarism", based on the example of the SA, with extreme right-wing terrorism. Dudek's work is well written in every respect; it informs in a comprehensive manner about relevant facts and the major perspectives of interpretation. It is up to date until the description of the Hesse Landtag elections of September 1983 and a trial in February 1984.

Finally, Dudek formulates theories dealing with the relationship between political interpretations and the extreme right-wing careers of young people in today's FRG. He comes to the conclusion that social structural factors do not play a determinant role in the choice and reinforcement of extreme right-wing careers. Only an appropriate interpretation imparts significance to such factors and only a rigid connection made between unemployment and the political and cultural crisis of confidence, all the way to the rejection of "the system," points up to their derivative significance. A conjunction of such personal social drawbacks as isolation, stigmatization, criminalization, and disqualification paves the way toward entering extreme right-wing organizations and is then liable to lead to the reinforcement of such a career.

In this way, Peter Dudek identifies a weakness inherent in many review studies in youth sociology. The same should be applied to youthful criminality; this subject too requires an elucidation which is not provided by general survey studies. Axel D. Neu looks into this problem, investigating the relationships between youth unemployment and criminality.

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Neu, Axel D., "Entwicklungstendenzen auf dem Arbeitsmarkt und ihre Auswirkungen auf die Jugendkriminalitaet" [Developing Trends in the Labor Market and their Effects on Youthful Criminality], Heidelberg, Kriminalistik Verlag, 1984, 144 pages.

Neu is not using advanced descriptive statistical procedures provided by official criminal statistics. Nor does he include in his calculations the bipartite correlation of "criminality" profiles (broken down by offense groups) and "foreigners" (broken down by age groups), nor the multivariant correlation of the interdependence between "foreigners" and "Germans." Nevertheless, Neu concludes his paper with a truly provocative political thesis, to the effect that "the possibility of reactions to immigration" (i.e., "expulsion of foreigners") represents a sort of "safety valve", and that this possibility should not be "killed politically" because otherwise "eruptive processes," as they are occurring in England, "would almost certainly be preprogrammed." It is unfortunate that Neu has chosen to waste such an important subject by treating it ideologically.

The survey studies by Hurrelmann et al., Bruder-Bezzel, and Bruder and Frackmann demonstrate that introductory texts of this sort become necessary only when actual development has produced new forms and substance. The youth revolution of the 1980's has already been summarized and can be studied from several aspects by scanning the literature. It would be desirable that the authors' standpoints not be identical with those of their readers, but rather that partisans of one viewpoint seek information from authors of a different persuasion. This type of border crossing should occur particularly as a result of reading Bruder-Bezzel and Bruder's socio-psychological overview of the youth cultures.

These conditions may serve also to justify Rosenmayr's demand for more precise studies of case histories. Dudek's book is an example of a successful historical-social scientific presentation of one specific group in the political youth culture. Neu's work demonstrates that a preference for detailed study also has inherent pitfalls if, for example, a deficient analysis of individual case histories is combined with generalized political conclusions.

#### The Time Axis--Comparative Studies on the Relationship Between Young People and Adults

Among other things, the International Year of Youth 1985 has led to an energetic scientific preoccupation with the problems of youth. The publications discussed below are very informative general surveys based on the present situation (including the large book by the German Youth Institute), but also the most recent research results (such as the so-called Shell Study 1985 and the Sinus Study 1985); Joerg Bopp's pocket book is a serious plea for the young people. What all these publications have in common is an interest in making a comparison between today's youth with that of 30 to 40 years ago, and the effort to create understanding for the youth of today.

\* \* \*

German Youth Institute, "Immer diese Jugend! Ein zeitgeschichtliches [Always Those Young People! A Mosaic of Contemporary History from 1945 to the Present], Munich, Koesel Verlag, 1985, 512 pages.

The Working Group on Youth Aid and Youth Policy of the German Youth Institute has posed the following questions in this book: What changes have occurred during the period after World War II in the living conditions and lifestyles of youth in the FRG? The result is an easy to understand, attractively packaged presentation of the problems confronting young people, containing many documents, photographs and quotations. Every one of the problem areas dealt with contains a background description of youth attitudes, reflecting the historic atmosphere. The book is intended to "show that the youth and generational images held by society seldom reflect the young people's true life problems." By presenting the lifestyles and aspirations of youth, it provides at the same time an image of that society: "Youth thus becomes the 'stage,' the medium of public understanding of basic problems of society."

The contributions of the many authors are divided into five parts, like a mosaic. This loose assemblage produces the outline of a very large spectrum, without overemphasizing any particular aspects of youth problems. Thus such items as vacation travel, video and computer games, youthful criminality, alternative lifestyles, youth protests, peace, etc., have the thematic character of flash insights which in the aggregate produce a multi-faceted picture of youth.

Part I, "Games With Limits," characterizes youth as a playroom, as a field for experimentation with freedoms and gambles. It deals with the youth culture of the last 40 years, leisure time, media problems, sexuality, sports, all the way to aberrations such as drugs, youth criminality, video. Part II, "The Struggle for Opportunity," reflects young people's efforts and frequent hopelessness caused by such problem areas as school, secondary education, the labor market, unemployment and alternative lifestyles. Part III, "Living Conditions as an Objective," details the special problems of disadvantaged youth in our society: females, rural youth, the handicapped. Our society does not offer equal opportunity: it remains a disadvantage to be born female, to be handicapped through birth, illness or accident; often one's entire life is determined by the type of family one is born into. Part IV, "Screen Images of Youth," deals with society's standard interpretations--youth is not accepted as simply existing; it is interpreted in youth research, in magazines, in films, in the literature, on television, and reduced to cliches. This impression of youth (it has always been an annoyance to adults) is connected with, but also contradicts what is stated in Part V, "Probationary Period for Ideals," on youth protests, peace activism, refusal of military service, the draft, national conscience, and the change in values: youth has always attempted to gain socio-political influence upon ideals, frequently at odds with actual power realities. Here youth makes society look at itself in the mirror. The presentation makes every effort to avoid a whitewash.

The book seeks to replace the usual prejudices and dissatisfaction with youth and its rebellion against societal realities with an understanding of the logic and the change in youthful behavior. Its simple, informative language makes it very useful for parents, teachers, social workers, and for young people themselves.

Fischer, Arthur, Fuchs, Werner, Zinnecker, Juergen, et al., "Jugendliche + Erwachsene '85. Generationen in Vergleich" [Youth and Adults '85: A Comparison of Generations], 5 volumes, Leverkusen and Hamburg, 1985, Leske Verlag + Budrich/Youth Project of German Shell, (Vol #1: "Biographies, Orientation Patterns, Perspectives," 331 pages; Vol 2: "Leisure Time and Youth Culture," 348 pages; Vol 3: "Youth in the 1950s--Today," 480 pages; Vol 4: "How Youth Sees Itself," 458 pages; Vol 5: "Study Report and Documentation," 490 pages.)

A large body of empirical material serves as the basis for the 10th Youth Study (since 1953) of German Shell; its central theme is a comparison of the generations of the 1950's and the 1980's. The study evaluates the appeal to youth of "Youth '83," using as reference preliminary qualitative studies since 1980, as well as the 9th Report on Youth by the Federal Government (1981), a poll of adults in 1984, and a poll of adults about their youth during the 1950's; also representative samples from 1951, 1954, and 1955. A multiplicity of methods was employed throughout, resulting in "a continuity and compatibility of data, permitting a true comparison of two generations and pointing up possible developmental and change trends" (Vol 1, p 5). Of particular interest here are Vol 1 (youth as portrayed in newspapers and magazines) and Vol 2 (leisure time and youth culture), whereas Vol 3 contains a historical evaluation of youth during the 1950's, Vol 4 reproduces literary works by youthful writers, and Vol 5 documents the empirical data.

Concerning Volume L: Information about everyday events of young people is not often available. The media do deal with the problem of youth unemployment; otherwise, there are lots of sensational stories in the press which create the image of criminal, brutal, aggressive, and irresponsible youth. By contrast, the relationships between the younger and older generations are more varied, and they are more positive in their judgments about each others. The young people are mainly critical of bad traits and habits, inappropriate life planning and conduct by adults, and a bad relationship with today's youth. Adults are critical of each other--this causes a rapprochement between the adult and youthful points of view. To express it positively: young people should acquire old values and adults new ones. Adults should have a more uninhibited and spontaneous lifestyle and break out of the limits imposed by their life circumstances. One-half of the adults and one-fourth of the young people are in favor of letting the young learn from old values. Adults indicate their willingness to understand youth and are more likely to criticize adults than to be anti-youth. Thus the understanding accorded young people has improved markedly over the past 30 years; there has been detente in relations between the generations.

Adults who are hostile toward youth see the relationship between young people and adults as being full of tension, especially in the area of familial upbringing. They consider their own childhood during the 1950's as having been more difficult for youth and consider today's youth culture threatening. According to this study, the young people and adults of 1984 do not have a



pessimistic view of the future (less than 10 percent); beyond that, about 50 percent of them are optimistic, the other half undecided. Optimistic are those who feel that they have been accepted by society, are in charge of their own lives and who have a great capacity of adapting themselves. The pessimists are considerably more hostile toward youth; more of them are against nuclear power, they belong to peace movement and the civil initiatives (pp 107, 112).

In 1984 there is considerable polarization between the big political parties on the one hand (SPD 44 percent, CDU/CSU 32 percent), and the Greens on the other. Sympathizers of the Greens are greatly interested in politics; they also show tendencies toward an unconventional lifestyle and readiness to show resistance. Some of today's young people, however, show no sympathy with the party spectrum at all; they demonstrate disinterest, ignorance, and insecurity. This was also the case in 1956. Nor does the crystallization of sympathy generated among the Greens change this. Seventy-one percent of today's young people believe that the FRG Government is not doing enough for youth; during the 1950's that figure was 45 percent, and 60 percent of adults agreed with this opinion in 1984.

There have been great changes in young people since the 1950's. Changes between the older generation and today's youth exist, among other things, with respect to their first sexual experiences with the opposite sex. Here we find a leveling among boys and girls concerning their age, education and social roots--in other words, these differences become indistinct. Social expectations no longer obligate young people to more or less abstain from sexual experiences. Some correlations are made between early sexual activity and party preference for the Greens, and late sexual experience and party preference for the CDU/CSU (i.e., old values). Religious preference has become relatively insignificant; youth is distancing itself from church and religion, significant as generation planners, a sign of its progressive modern view of life. A classification of religious devotion which is furnished can be broken down also by party preference (old versus new values).

Concerning Volume 2: The everyday behavior of young people can be very informatively determined through such factors as the practicing of musical instruments, forms of dancing, games, sports and relaxation techniques, use of recreational drugs, writing and reading habits, painting, drawing, sculpturing, etc. Here, too, the study finds those two types of designs for living and value judgments which on the one hand are tied to traditional society and the adult generation, and which on the other hand creatively look for a new world and alternatives and which can also provoke conflicts with parents and school. This pattern persists throughout the study: in music, the transition from violin to guitar as a youth-specific instrument; in dancing, the contrast between ballroom dancing and a modified disco style; in smoking and drinking, "Nonsmokers and nondrinkers--are more likely to adapt to prevalent norms concerning what a young people should be and do." Young people's writings also indicate a political attitude: youthful writers are more in



sympathy with youth protest movements and stylistic trends than are non-writers; the volume and quality of their work appear to indicate that present-day literary production and reception play an pre-eminent role in the make-up of adolescence.

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"Jugend privat: Verwohnt? Bindungslos? Hedonistisch?" [Youth Confidential: Spoiled? Rootless? Hedonistic?], a report by the Sinus Institute commissioned by the Federal Ministry for Youth, Family and Health, Leverkusen, Leske Verlag + Budrich, 1985, 126 pages.

During the summer of 1982 about 2,000 adolescents and young adults, ranging in age from 15 to 30, were interviewed in a poll containing questions on the social order; the result was the first Sinus Study, published in 1983. On the basis of the answers obtained in 1982, it interprets the macro-environment of those interviewed. Additional data were published in a voluminous reference volume of the youth ministry's publication series, which made it possible to restrict the statistical data in this volume to a 50-page table annex. The book has a postscript by Heiner Geissler. The very first comments about material security, money, and consumption already appear to require differentiated evaluations due to the difference between 15 and 30-year-olds, with respect to such statements as: young people lived materially secure, but not in luxury; thrift is considered desirable (except among the very young), though not always in real life (except among the unemployed and those serving their obligatory periods of civil or military duty).

The study divides today's youth into three groups, whose (problematic) definitions in the various areas is, however, not entirely congruent. The first group (37 percent) is oriented towards conventional adults (interested in politics and work); the second group (34 percent) is strategically oriented toward adults (heavily consumerist, not very intellectual); the third group which ("as might be expected," p 29) amounts to barely one-third, is oriented toward autonomous youth (politically active with a tendency toward the forced establishment of a youth culture).

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Bopp, Joerg, "Umnorben und doch unverstanden" [Youth--Courtied but Misunderstood], Frankfurt/Main, Fischer Taschenbuchverlag, 1985, 157 pages.

Joerg Bopp's book, based on close association with young people, attempts from a psychotherapeutic point of view to call adults' attention to the high degree to which youth must deal with society's unsolved problems, such as piece, various problems of the future, and industrial society, but also sexuality, conflicts, etc. The vitality of youth, he maintains, provides opportunities for fighting against the destructive effects of civilization and, at the same time, for creating a new culture. Adults are advised to place a

minimum number of restraints on youth; youth is capable of determining the logic of its own behavior. Rather, adults should concern themselves with reducing the flood tides of consumer industry, with a lessening of the impact of foreign interests upon the spiritual life, and with providing ideals and role models.

This easy-to-read book is suitable for adults hampered by barriers to their understanding.

9273/6662

CSO: 3620/777

## POSSIBLE AGUSTA-MCDONNELL DOUGLAS HELICOPTER ACCORD

Rome IL POPOLO in Italian 25 Jul 86 p 12

[Article by M.S.: "Possible Douglas-Agusta Accord for Joint Production of New Helicopters?"]

[Text] Rome--The well-known American company is said to be proposing joint construction of very advanced helicopter models for civilian use.

The McDonnell Douglas Company, within the framework of international agreements, is exploring the possibility of an agreement with the Agusta Company for the joint production of new civilian helicopters. The well-known American company, the world's second largest producer of passenger planes, also became a builder of helicopters when it acquired the well-known Hughes Company.

Italian industry already makes Hughes helicopters. The Breda Nardi Company is a licensee for H-500's. Possible models for joint production would be an extended version of the MDH-530F and a completely new, high technology aircraft, the MDX, for eight persons. The aircraft will incorporate the best metallurgical and electronic technology, including NOTAR construction (which eliminates the need for a tail rotor).

The Italian helicopter industry is experiencing a difficult period for a variety of reasons. It must therefore urgently increase production and manpower, as well as advance the process of economic recovery. Douglas is offering both the right of technology and of labor, just as for many years it has offered these to Aeritalia in the sector of fixed wing planes. In practice, Agusta could construct a fuselage of composite materials and a large part of the rotor gearbox for the new MDH-530F series and at the same time see the European market open up.

The new MDH-530F helicopter model seems to be the proper one to invigorate the Air Force training school's fleet of aircraft, and because of its excellent weight lifting features and its low cost, seems ideal for numerous civilian defense operations, fire fighting activities, and transportation of cargo to mountains and to other places that are hard to reach.

It is known that talks are in progress. The Italian helicopter industry seems to be clearly interested in realizing a new international agreement.

Douglas is intensifying its industrial cooperation with Italy. As is known, Douglas, Aeritalia, and the Chinese will jointly produce a plane that will be equipped with a revolutionary, very low fuel consumption engine, planned for a tricontinental market.

8255

CSO: 3528/212

## BRIEFS

HIGH RATE OF SAVINGS--Portuguese have deposited 3.2 trillion escudos in interest-bearing bank accounts, including 1.2 billion escudos in the accounts of emigrants. These numbers are only meaningful if we also note that they represent one of the highest rates of private savings in Europe. On the other hand, it also means that the economy is distorted, owing to the weak growth of investment, which is reflected by weakness in the ability of investors to take advantage of those funds made available through the deposits. It is thus difficult to get ahead. [Text] [Lisbon TEMPO in Portuguese 14 Aug 86 p 24] 13026/12859

CSO: 3542/144



## FIGURES INDICATE INCREASE IN BUDGET DEFICIT

Madrid EL PAIS in Spanish 15 Aug 86 p 33

[Article by Gustavo Matias]

[Text] Madrid—The public debt which the state had in circulation at the end of the first 6 months of the year amounted to 12.6 trillion pesetas, without counting the avals and the reliance on the Bank of Spain, according to data released by the Ministry of Economy and Finance. The debt expanded by nearly 24 percent during the first half of the year, or in absolute terms by 2,435,062,000,000 pesetas. Economic authorities contend that the strong growth of the debt is not important, and does not imply an expansion of the deficit because the strategy for financing it has changed. The bankers' association, however, has evaluated these changes and reached the conclusion that the lower financing needs of the public sector are more apparent than real.

The first signs of alarm about the development of the public deficit in 1986 were seen before the summer. The alarm was based on the increase in the state debt, because it was not until late June that Finance published the figures on the imbalance between state revenues and spending up to 30 May. That was just when this imbalance began to diminish. Not only were people interested in the volume of the deficit, but they also wanted to know whether the sacrifice demanded of the taxpayers, with the introduction of the Value Added Tax (IVA) and the increase in fuel taxes, had improved the situation any. The answer was no, and recent data appear to confirm that.

In June the state cash deficit, also published by Finance, had clearly declined: It fell from 905.466 billion pesetas in the first half of 1985 to 840.703 billion. However, transactions are being carried out on the side (all financial transactions), the schedule for meeting interest payments has changed, and the debt in circulation continues its strong growth. These factors run counter to official assertions that the situation has improved considerably, even though the change in monetary volume in July confirms once again that credit available to the public sector is becoming less expansive.

The public debt in circulation, which not only indicates current financing needs but also reveals the burden of interest and principal payments over the next few years, grew by another 437.105 billion pesetas during the month of

June, according to data compiled by the General Office of the Treasury and Financial Policy. Thus, the first half of the year closed with a growth of 2,435,062,000,000 pesetas, placing the total volume of the state debt at 12,647,989,000,000 pesetas. And that does not include another trillion pesetas in funds borrowed from the Bank of Spain (on which no interest is paid), and a half-trillion more in third-party avals.

The Treasury report reveals that during the first half of this year, a total of 3,475,254,000,000 pesetas was issued. At the same time, bonds valued at 1,153,445,000,000 were redeemed. As a consequence, the state obtained 2.3 trillion pesetas in net financing from the public debt.

More than half of the 2.43 trillion pesetas by which the debt rose (in addition to financing its own operations, the state paid the interest on the Treasury notes that fell due) corresponded to these short-term bonds. Their balance amounted to 6.7 trillion pesetas after they provided net financing of 1.62 trillion. The medium-term contribution of the state debt has also been significant: 749.638 billion pesetas, for a total of 2.1 trillion pesetas. The special debts rose by 103.572 billion, to a total of 1.38 trillion pesetas. Finally, the balance of certificates for investment through the official banks, which now stands at 1.6 trillion pesetas, grew by 23.095 billion pesetas. Loans from abroad, on the other hand, shrank by 62.112 billion pesetas (to a total of 771.773 billion).

#### Public Deficit

Economic authorities maintain that the public deficit is on the decline, and may finish out this year at about 4.5 percent of the Gross Domestic Product (GDP). They attribute the sharp rise in the debt to the monetary policy's need to leave room for private issuances during the second half of the year, when some of the maturing notes will not be renewed and the state will have to finance its deficit by resorting to the Bank of Spain. In anticipation of that, as of July the state had returned 1,075,568,000,000 pesetas to the Bank of Spain, leaving its accounts in the red by about 1.5 trillion pesetas.

In analyzing the changes that have taken place, however, a recent report by the Spanish Banking Association (AEB) concludes that "the reduced needs for financing in the public sector in the first half of 1986 are more apparent than real." The report's primary explanation for this phenomenon, which directly challenges the idea that the deficit is falling--even the cash deficit--is based on the fact that most of the notes (3.15 trillion pesetas' worth) will fall due in the second half of the year. It is at that time when the Treasury must pay interest.

According to the AEB, the public sector's overall needs for domestic financing totaled 1.27 trillion pesetas during the first 6 months of the year, and for the aforementioned reasons this amount apparently fell 700 billion pesetas short of the amount estimated for the first half of 1985.

The banking association points out in its report that the credit system is financing the public sector less and less (4.99 trillion pesetas as of the end of June). The 700-billion peseta decline between January and June is due to

the fact that the public sector returned a net 798 billion pesetas to the Bank of Spain (1.41 trillion pesetas in resources less the 343-billion-peseta increase in the portfolio of public funds).

To illustrate its conclusions, the AEB indicates that if all new financing available to the entire economy is counted, during the last 12 months there has been no change in the distribution between credit to the private sector (44.2 percent) and credit to the public sector (55.8 percent) with respect to the previous period.

8926

CSO: 3548/84

## SIGNIFICANT DECREASE REPORTED IN EXPORT TRADE

Madrid DIARIO 16 in Spanish 3 Sep 86 p 18

[Passages enclosed in slantlines printed in boldface]

[Text] Madrid--Spanish exports have entered a crisis. After 2 years of burgeoning activity, businesses are beginning to look to the future with trepidation. During the first half of this year, some of the most dynamic markets of recent years have slacked off. The prospects for 1986 are not good.

/"Since the elimination of tax exemptions for exports, some sectors are going through quite bad times. This has been especially true since March, when the adverse effect of the elimination of this tax break was first felt,"/ claims a businessman in one of the most severely affected sectors.

Crisis Began in March

According to business sources in the export sector, people really began to feel the impact of the elimination of tax exemptions in March, just when Spain entered the first phase of tariff reductions as agreed upon with the EEC. That reduction amounted to 10 percent of the Spanish tariff. These are different issues, however.

During the first 2 or 3 months of this year, the implementation of the Value Added Tax (IVA) has completely changed the fiscal adjustment system at the border. Exporters no longer receive a rebate on domestic taxes as they did before; now they only receive it on the IVA.

In practice, this change in method has reduced the rebates exporters receive. But since some of the exports that were supposed to take place in the early months of this year were actually transacted late in 1985 in order to take advantage of the exemptions under the old system, the lower revenues from exports began to have an impact in March and April.

100 Billion Lost

Government estimates are that exporters as a whole will lose about 100 million pesetas in 1986 due to the replacement of the tax exemptions by the IVA.

This considerable sum is the difference between what the export sector would have collected for goods sold abroad under the old system, and what it will collect for its sales under the current terms of greater fiscal neutrality introduced by the IVA. Most experts believe that the tax exemptions for exports were a kind of covert subsidy for exporters.

Some business circles think that this subsidy was justified, because Spanish businesses had to compete with their foreign counterparts on external markets on an equal footing, and for that purpose it was necessary to even up the terms of competition.

/"Spanish businesses were at a disadvantage in terms of costs, because we paid proportionately more taxes through Social Security, since Spanish firms contribute more heavily to Social Security financing than businesses do in some other European countries. The tax exemption for exports made up for that higher cost. When the exemption subsidy was eliminated, the equal terms disappeared immediately,"/ commented one businessman.

The controversy over the weight of Social Security costs and the export subsidies has resulted in the recent request by businessmen for an adjustment in the employer's contribution to finance the Social Security program. This proposal will not be viewed favorably by the administration, given the cost it would entail for the public sector.

Business sources believe, however, that without any compensation of this nature, Spanish exports will be doomed to failure in the coming months, unless other measures are adopted on other fronts.

#### Damaged Sectors

The loss of these "indirect subsidies" is affecting the most highly integrated industrial export sectors above all, because they obtained the largest tax rebates on the basis of their shorter tax chain.

Iron and steel is one of the sectors most severely damaged by the new system of tax adjustments for exports, and the results have not been long in coming.

About half of the decline in income from the net exemption that exporters will suffer this year will correspond to the iron and steel sector, which is expected to lose about 50 billion pesetas in revenues this year.

Sectors such as textiles or shoes, or the book publishing industry, will also feel a significant adverse impact. It will be smaller in money terms, but more significant in relative terms.

The drop in income from exports in these sectors has already been felt in sales abroad these past few months. At any rate, the consequences will be greater as the year goes by.

The ills of the Spanish export sector in 1986 are not due exclusively to the negative effects of these tax adjustments, which are affecting some sectors



more intensively than others. The weakness of world trade and the loss of exports' competitiveness share part of the blame, according to economic sources.

Projections for world trade this year are not exactly optimistic. For months now, international organizations have been gradually lowering their growth estimates. The most recent forecast states that world trade will grow by no more than 4 percent.

Some of the Spanish markets that were most promising in recent years have fallen apart, partly because of the lower buying power of some oil countries. Spain's sales to countries such as Egypt, the Soviet Union, Japan, China, Chile, and Turkey have been cut in half. These are the most spectacular examples, but not the only ones.

This fact is leading to the concentration of Spanish exports on the EEC countries, as is also happening with imports.

The loss of competitiveness due to the excessively high exchange rate of the peseta and the failure to correct prices to keep them in line with the rest of the world are another fundamental cause of the slump in exports this year. This slump will prevent the Spanish economy from growing even more than had been predicted.

#### Ill Winds Abroad

Although exports were not expected to be one of the engines of the Spanish economy at the beginning of this year, their contribution to growth is even less than predicted. They may actually yield a negative balance for the year as a whole, according to some forecasts.

Official sources indicate, in any case, that if world trade recovers in the next few months, this situation could improve. For the time being, the Spanish economy is expected to grow at a slower pace than was projected this spring, when oil prices began to decline along with the value of the dollar.

In view of these circumstances, the urgent need to dust off the export promotion program, which has been promised several times in recent months, could prompt the administration to bring this project to the fore again. Nevertheless, the general lines of the project do not represent any major innovation in export promotion instruments, though it is expected that the financial support for stimulating Spain's presence on some markets will be increased substantially, say administration sources.

The INFE would be the agency to channel these measures and earmark more funds for the promotion of foreign trade.

# EXPORTS (January to June, 1986)

(In millions of pesetas)

Country	Amount	% Variation
U.S.A.	165,166.6	- 5.9%
Saudi Arabia	29,775.4	-21.5%
Morocco	19,709.1	- 9.5%
Cuba	21,426.1	-14.2%
Japan	19,337.0	-27.6%
China	16,189.2	-16.3%
Mexico	14,384.1	-31.0%
Egypt	12,849.4	-68.7%
Venezuela	11,391.8	-13.2%
Libya	9,370.4	-28.3%

8926

CS0: 3548/84

## TECHNOLOGY VIEWED AS THREAT TO SMALL BUSINESSES

Madrid YA in Spanish 24 Aug 86 p 13

[Article by Susana Blazquez]

[Text] Forty-one percent of Spaniards believe that new technologies will reduce employment over the next 3 years, according to a poll published recently by the Sociological Research Center. These technologies replace manual labor and move into all kinds of industries. In the 1970s, for example, this trend led to the loss of 46,000 jobs and the closing of 17 firms in the Swiss watchmaking industry.

According to the Planning Cabinet of the National Employment Institute, whether the introduction of technology destroys or creates jobs depends on the model of business organization. "The businessman is more competitive and can generate more employment when he incorporates technological innovations in products, production processes, and the comprehensive organization of the business. Only in this way can he develop a line of revamped products with enough value added to be able to survive on a highly competitive market."

Jose Manzanares, confederation secretary of the General Union of Workers (UGT), asserts that "new technologies destroy jobs when they are used merely to replace the employee, with a view to short-term earnings. However, the businessman can expect long-term profits if he uses the surplus labor to boost production, or if he trains these employees to make better and more competitive use of the new tools."

## Displacement of Professionals

Most of the jobs slated for elimination are manual labor positions in areas such as the railways, telecommunications, printing, and teaching. These professions will be replaced by new ones based on data processing, telematics, information, bioengineering, the aerospace industry, new sources of energy, and principally microelectronics, which is the driving force of all of the above.

In this displacement of labor, the primary sector sends manpower to the industrial sector, and both of them to services. Since 1956 the Spanish agrarian labor force has shrunk by about 25 percent; the industrial workforce

has remained almost stable, and that of services has grown from 25 to 46 percent of the total. Spanish industrial policy does not, however, have as clearly defined an expansion model as other European countries, due to the belated incorporation of this kind of technology.

It is no longer as common for many jobs to be opened up at once, because work that used to require a large component of manpower has been progressively mechanized, thanks to robotics and numerical control machinery.

The introduction of new technologies cuts costs and enhances the possibility of producing much better goods and services. This provides an impetus for economic expansion, which contributes to entrepreneurial initiative and boosts production.

Jose Manzanares believes, however, that "although we are moving toward a mandatory reduction of work hours, some sectors cannot absorb the labor surplus. This problem is transferred to the rest of society, because it has to aid the unemployed. Examples of such assistance are the solidarity fund of the Economic and Social Agreement, which has earmarked 20 billion pesetas for professional training, and the European Social Fund, which has given Spain 50 billion pesetas for the regions hardest hit by unemployment."

8926

CSO: 3548/84

## TROUBLE IN BANKING SYSTEM SAID GROWING

Istanbul DUNYA in Turkish 27 May 86 pp 1, 9

[Interview with banker, businessman Halit Soydan by Bayran Basaran: "Squeeze on Banking System is Growing"]

[Text] Halit Soydan recently left his position as general director of the Garanti Bank and his duties with the Dogus Group to become general coordinator for Sabanci Holding, Adana Region. We talked with him about Turkish banking now and in the past. Halit Soydan said that the banking system had entered a process of change in 1980 and that this process was still not complete.

Soydan noted that the banking system suffered its first losses due to the process of change in 1982 and stressed that, to get the problems out of the system and prevent another 1982-style tragedy, authorities must identify and find solutions to the problems as soon as possible.

He said that the problems in the banking system consist of high costs created by high deposit interest rates, the high proportion of fixed outlays in general expenditures owing to overstaffing, the rise of hidden credit, the virtual non-existence of foreign exchange personnel with adequate knowledge of the language, the inadequacy of banks' financial structure and their tendency to take on more foreign exchange debt than necessary. The interview with DUNYA follows:

[Question] Mr Soydan, would you first briefly summarize how Turkish banking reached its present form?

[Answer] Turkish banking has a history of over 100 years. One must examine it in two stages. First is the period prior to 1980 and second is the post-1980 period. Until 1980, Turkish banking was introverted and had the appearance of a sector which did the government's bidding on interest and foreign exchange and which, especially in the 1970's, carried out procedures with cheap foreign exchange and at interest rates pretty well below inflation.

After 1980, those characteristics changed totally. After 1980, first interest rates and then foreign exchange prices were deregulated. The banking sector was opened to foreign competition. The role and influence in banking of foreign transactions grew after 1980. Thus, banking entered an intensive process of change. There had been no shocks in the banking system from 1960 to 1980, but after 1980 six banks that had trouble adapting to the new system withdrew from



the scene. My purpose in relating this is not to criticize the policy that caused these events, because a debate could be held on every aspect of this policy.

One of these six banks was a 100-year-old public bank which merged with the Ziraat Bank.

[Question] Mr Soydan, has the shake-down period for this process of change ended and where is the system in this process at the moment?

[Answer] The process of change has not yet ended. Neither the Turkish banks in the system nor the 20-some foreign banking establishments which came into it in the 1980's have completely overcome the difficulties of this process. The system cannot be said to have resolved the problems until the balances are in place.

[Question] The biggest shock in recent years came in 1982. Now, however, the system has gone into a new troubled period that started early in the second half of 1985. Official voices confirm this. I wonder if there might be a question of another treat tragedy like the shock of 1982?

[Answer] This is a very difficult question. As I said a little earlier, all of the problems in the Turkish banking system have not been solved. That is, the banking sector in Turkey has problems. Will these problems cause 1982-style failures in the days ahead? We certainly hope not, because banking is the kind of sector where production depends on trust. Those doing business in other sectors buy and sell. Banking is not like that. The thing that keeps it going is deposits. That is, the people's savings and their confidence. Therefore, banking failures are not like failures in other sectors, because they ripple out through all units of the economic system. I would like to give a very dramatic example here. An Italian bank failed in recent years. And "Senor Calvi," one of the leading administrators of this bank, threw himself from London Bridge in England.

[Question] But there was no such incident in Turkey in the failures that occurred in the system in 1982, Mr Soydan.

[Answer] This example was to stress how sensitive the banking system is to failures. Actually, the system got out of the collapse in 1982 very cheaply. I am afraid that subsequent failures will not be overcome so cheaply. And I hope no such failures occur.

[Question] What, in your opinion, is the extent of the troubles in the system, sir? Why has the system gone into a second difficult period in the 1980's?

[Answer] As I said a little earlier, it is rather hard to answer this question. Banking failures that could occur in Turkey would spread into every sector of the economy. It is hard even to give any information beyond just opinion to explain how grave these dangers are. Let me just say this. It is appropriate for the authorities to be aware of the matter and give it careful attention. A

great deal of damage can be done by malfunctions that can occur in a system in which capital accumulations are forming in a country like Turkey where capital formation is not yet complete.

It is difficult enough to exchange views openly on developments on which we agree how grave the consequences will be.

[Question] Okay, let me put the question a different way. Where is the trouble in the banking system?

[Answer] Until the 1970's, banking in Turkey developed as a system under the guidance of the governments and having various services in its structure. Banking became a labor-intensive sector for this reason. The number employed in the system is around 140,000 in 6,400 branches. By the 1970's, the system had undergone many shocks [as published]. By now, the system has undergone many shocks. As seen here, there is a large element of cost to pay for labor in what we call general expenditures. In the 1970's labor costs grew to large proportions. That was a dangerous development. The second point is interest rates. In the 1970's, they were at least below inflation. Costs were low. Deposit interest rates were deregulated in 1980. Even though setting interest rates on deposits was returned to the public sector because of the events experienced in 1982, the cost of resources, that is, deposit interest rates, remained at a very high level. As seen, the banks have two important problems. The first is the cost of personnel and the second is the high cost of resources. At any rate, these two form 90 percent of total costs. Although personnel expenditures have accounted for a smaller share of costs since 1980, they still have a significant portion. The share of fixed outlays in general outlays is very high. In addition to this, the system was always domestically oriented until the 1980's. The number of people in this system, which now employs 140,000-150,000, who know foreign exchange, who know the language, is so small as to be nonexistent. And this is a third element of pressure on the banks. Yet, to be outward oriented obviously requires knowing the language, knowing foreign exchange.

[Question] Mr Soydan, what are your views on the financial structure of the banks? The system is increasing its capital but covers a large portion of it from reassessment funds. Is that the correct way?

[Answer] Development of the financial structure of the banking system is a must. However, covering it out of reassessment funds is wrong, because they already use this as net assets. The system needs new blood.

[Question] When we look at banks' balance sheets, sir, the importance of overdue payments, that is, hidden credits, is rarely seen. In your opinion, is the role of delayed receivables in the system's troubles really this negligible?

[Answer] Overdue payments are one of the biggest, most important problems confronting the banks. No one is saying anything definite yet about the dimensions of overdue payments. There is not even a requirement for auditing

the banks' balance sheets by means of foreign auditing firms today. The plan for overdue payments within the framework of a standard accounting plan has just been devised and it is not known definitely when this standard accounting plan, which it had been hoped would go into effect the first of 1986, will become compulsory practice. Overdue payments are both a bank problem and an economy problem. We should not wait any longer to solve it. If the banks make the right decisions and start collecting, and new resources [words omitted] within the balance sheet volumes, perhaps no great damage will be done to the banking system and we can be hopeful in the long run.

[Question] Sir, there are a variety of views on the problem known as hidden credit or overdue payments. The banking sector accuses industry, and industry has a number of things to blame on the banks. What, in your opinion, is at the bottom of hidden credits?

[Answer] Doubtless the problem has many causes. However, two stand out. One is that the "debt-net assets ratio" of the financial structure of Turkish industry is out of balance. As I said earlier, capital formation in Turkish industry overall is inadequate. For this reason, loans are needed for operations. There is nothing to worry about when interest rates lag behind inflation. However, although interest rates went up after 1980, it began squeezing operations, which means that the first problem is incredibly high interest rates. The second problem is the inability to balance their loans because of rising interest rates after 1980. That is, interest which it was possible to pay before 1980 reached dimensions impossible to pay after 1980. Another important cause in addition is that wrong or preferred credits were issued during the slack period. There were two types of these wrong credits: credits given as the result of political pressure and group credits. I do not want to dwell on this too much as it is a very sensitive topic. But the fact that these unpaid credits reached proportions to be a shock to the banks after 1980 cannot be ignored.

[Question] It is true, sir, that this shook the banking system. So how can this problem be solved? Isn't there a solution?

[Answer] There is no quick fix for this problem. The quickest solution is to carry over to the long term. As for achieving success in this, it may be resolved provided the mistake is no longer being made.

[Question] Interest continues to grow on unrepaid loans. How is this to be solved?

[Answer] The banks do not have sufficient net assets. The banks have to improve their net assets. This is necessary to prevent stress on the banks during the solving of this problem. But this is not everything. Beyond these facts, net assets everywhere in the world are puny compared to foreign resources. The rate is 20 to 1. In Turkey, new money has to flow into the banks' net resources for this balance to form, that is, it has to flow into their capital. When state-owned banks have this problem, it places a great burden on the Treasury. For the private banks, it is very hard to find new money at this

rate because most of the private banks in Turkey are family banks. Moreover, they cannot issue shares to raise this money on the market. Looking at it from this standpoint, one sees that it is not an easy job at all for banks to reinforce their net assets. Most of the banks in Turkey need to bring their capital, their net assets, to an adequate level. To do this, new and real resources are needed.

[Question] Sir, one of the biggest problems is high credit interest. The banks have too many high-cost deposits. Won't decreasing credit interest now squeeze the system even more?

[Answer] High deposit interest and high credit interest have become a burden on the back of the economy. The revival of investment and production depends on cheaper resources. It is necessary to find this scarce resource in Turkey for the economy to develop. I would like to underscore this. There is a close relationship between inflation and credit and deposit interest. One cannot expect interest to decline significantly without reducing inflation and even getting it on a stable downward trend. I was pretty optimistic about interest rates at the first of 1986, because of the declining value of the dollar, declining oil prices and indications that the 1986 goals would support agricultural production. However, I think the government is going to lean towards much tighter, more extensive oversight of both money in circulation and the money supply. So I hope inflation will come down. However, the most changeable situation compared to the initial estimates here is money in circulation and the money supply. In addition, the decline in the dollar is continuing and the declining value of petroleum is continuing. It is already clear that agricultural production will be quite a bit higher than last year. I would like to point out here the need to pay a great deal more attention to the money supply for inflation to come down as needed for credit interest to come down. It is impossible to adjust interest seriously without regulating inflation. Inflation for April was announced a few days ago as 4.1. This is very high. It shows how much money was supplied to the market. One does not say a thing if he talks about inflation without talking about interest.

[Question] Certain banks have a rather heavy load of foreign loans, as you said. I wonder how the banks are going to pay off these loans. Some banks are saying that the Central Bank is not strong enough to help these banks. What do you think?

[Answer] There are differences of approach in foreign-currency loans. I do not want to argue over the definition of it. However, it is true that foreign exchange deposit accounts have reached a significant size. We know that foreign exchange loan payments have been limited. However, a foreign exchange loan is a foreign exchange loan. The banks have to keep close tabs on their foreign exchange which is up to 1 year. As for these loans, creating the ability to repay loans, that is a stop-gap measure. Borrowing foreign exchange to repay foreign exchange is no solution. I am not opposed to foreign loans. However, I am in favor of foreign-exchange borrowing in conjunction with the entry of foreign capital. However, adequate foreign capital has not entered



Turkey to date. That is, borrowing is needed which manages well the difference between foreign exchange debt and income. I think Ak Bank is the best example of this.

[Question] Mr Soydan, we have been unable as yet to find a solution to how the banks are going to repay their foreign loans.

[Answer] Banks are not trading houses. They have extremely important duties providing a public service, in which scarce resources are used, and, therefore, duties in line with their country's interests. The banking sector's goals cannot be to say, "I'm growing, I'm looking out for myself for tomorrow." The banks have to have goals such as ensuring advantages to the national economy instead of operational goals such as thinking profits.

[Question] Mr Soydan, the small banks look like a spoiled child in this regard.

[Answer] I cannot allow myself to comment on that here. However, I can say this: Overextended banks ought not to make commitments for more foreign loans without paying off these loans. This must be prohibited. This, too, seems to be a long-term solution. That is, it is necessary to carry the problems over to future years. I do not accept, cannot see, any other kind of formula that will solve the problems of Turkish banking.

[Question] The foreign exchange squeeze is reaching the absolute limit.

[Answer] The foreign exchange problem seems at the moment to have been largely solved from the macro standpoint, because Turkey's foreign exchange revenues from the exchange of services such as tourism have brought relative improvement. I do not think it will cause significant damage. This is an advantage as regards resolution of the problem.

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## VALMET HOPES L-90TP TRAINER TO WIN EXPORT SALES

Helsinki HELSINGIN SANOMAT in Finnish 28 Aug 86 p 27

[Article by Jyri Raivio: "Valmet's New Aircraft Received Experimental Aircraft Certificate"]

[Text] Valmet's Kuorevesi Plant's newest aircraft type L-90TP Redigo received its first type acceptance certificate from the Civil Aviation Administration.

After a 40-hour test flight program the Redigo was granted an experimental aircraft's so-called Experimental Airworthiness Certificate, on the basis of which the Redigo, which is designed to be a training aircraft for the Air Force, will depart next Monday for England and Farnborough's international air show. Farnborough is the most important exhibit of the international aviation industry and an essential starting point for Valmet's ambitious international marketing campaign.

The L-90TP was developed from the L-80TP Turbovinha, which crashed into a lake in April 1985 in connection with a public demonstration taking the lives of the pilot and the test flight engineer. The accident occurred as the result of the aircraft failing to come out of a spin for unknown reasons, and for this reason special attention has been given to the spin properties of the Redigo.

An attempt has been made to improve them by fins situated under the fuselage and by a new design of the wing tips, among other things. The result has met expectations since Valmet's Chief Test Pilot Ari Piippo considers the properties of the Redigo to be safe in every respect.

Valmet has also commenced construction on a third prototype, which should be completed in the fall of next year. The L-90TP, which is equipped with a turboprop engine developed from the Air Force's Vinka training aircraft, represents a significantly large product development effort for Valmet. Juhani Makinen, the manager of the Kuorevesi Plant, will not consent to disclosing how large the effort was. Information on the price per Redigo aircraft and on the total expenditures of the Kuorevesi Plant's first significant marketing campaign also remains a secret.

A significant portion of them will occur in the first week of September in Farnborough where Valmet will be more visible than ever before. Everyday Piippo will fly the aircraft painted in highly visible colors according to the instructions of an advertising agency and in a flight suit designed by the

advertising agency, and Valmet will present the Redigo at the air show as well as in a chalet-tent intended for entertaining dignitaries and conducting negotiations.

The secretiveness justified by competitive reasons also drapes a shroud of mystery over the most important points of the marketing drive. Valmet has thoroughly studied all the world's air forces, from which a group of possible buyers has been gleaned. Neither Makinen nor his marketing chief, Per Fallenius, will consent to revealing the size of the group much less the countries belonging to it.

However, they do not deny having presented the Redigo in at least two countries, China and Finland.

Valmet's most important sales argument is the savings that can be achieved with the L-90TP in the training of military pilots. The company advertises a training program in which a person can be taken directly off the street and placed in the cockpit of the Redigo. He would be given 100 flight hours of training, after which he would be transferred directly to a Hawk-class jet training aircraft.

In this way a destroyer pilot can be trained by a half million dollars or 2.5 million markkaa less than with the other two presently available methods. This is at least the argument in Valmet's Redigo presentation, in which the extreme accuracy of the calculations does, indeed, leave one with a slightly comical impression. Thus the presentation alleges that the cost of training a combat pilot with equipment used by the Finnish Air Force is \$4,528,272.

In Finland training is conducted with Valmet's light Vinka all the way from the beginning to the Hawk phase. By replacing it with the L-90TP the Air Force could have a fully trained combat pilot with \$4,061,890 according to the presentation.

Valmet's accurate dollar calculations have not, at least for the time being, convinced the Finnish Air Force. According to Manager Makinen, it has expressed its interest in the Redigo as a communications aircraft at the most. Not too many aircraft are needed in this capacity.

However, a domestic order would be vital for Valmet's marketing efforts. Doubts are raised among possible buyers by the fact that the aircraft has not been sold in the country of manufacture.

#### Avtek Will Not Come Out of Its Spin

Valmet joined the Avtek aircraft project being promoted by retired American commercial airline pilot Bob Adickes in the spring of 1985. Valmet's intent was to become involved in the development of a special version of a dual engine, fiberglass structured commercial aircraft and the fiber-glass landing gear of the aircraft with a relatively small investment of 1 million dollars.

Now more than a year and a half after Valmet's inclusion in the project, Adickes has run out of money. New funds have not been obtainable from anywhere.

The technical development of this ambitious project came to a complete halt a long time ago. Construction has not even been started on the first prototype.

Since last spring the Avtek Company has been comprised of only five employees in a small office in Camarillo, California. Other employees have been laid off. Valmet's prototype of the fiber-glass landing gear is ready and two of Valmet's three engineers who have worked on it have returned home.

Avtek 400's potential markets are badly depressed. The general aviation industry is suffering one of the worst depressions of all time in one of the countries of paramount importance, the USA.

Avtek's most significant competitor, Beech Starship, is conducting test flights with several different aircraft. Its lead on Avtek is growing everyday.

In this situation Valmet is attempting to assemble an enterprise group which would take charge of the future development of Avtek 400, but not at all by its own means but only in the event that Tekes and Sitra become involved with tens of millions of public product development markkaa. Neste and Partek, at least, have already expressed an interest.

The enticement is the aircraft's structure. Avtek is being marketed as a means of riding the crest of a new wave of fiber-glass technology.

Forget the whole story. It is no longer worthwhile wasting money on Avtek, at least not public money. It will no longer come out of its spin with the help of tens of millions of Finnish markkaa. There would be good reason for Valmet to abandon this project and soon.

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## AERITALIA ADVANCED RESEARCH INCLUDES STEALTH TECHNOLOGY

Milan IL GIORNALE in Italian 22 Aug 86 p 7

[Article by Massimo Zamorani; first paragraph is IL GIORNALE summary headings]

[Text] Aeritalia is one of the five companies in Europe capable of designing and manufacturing highly sophisticated aircraft. In 1985 the company had a sales volume of 1,377 billion lire. Sixty percent of the company's production is destined for export. Aeritalia's top priorities include Short-Take-Off-Vertical-Landing (STOVL) supersonic aircraft.

Turin. The accident to the American "stealth," i.e., the Lockheed F-19 which crashed close to Edwards Air Force Base, focused the attention of people all over the world on those mysterious "invisible" aircraft which defy radar detection.

But it is not just the Americans who are working on producing aircraft which cannot be detected by radar systems. In Turin, in the laboratories of Aeritalia (the Italian aerospace company forming part of the Iri-Finmeccanica group), one of the technological innovations that the company has been working on for some time now is none other than stealth techniques--an English term meaning "secret," in the sense of "hidden," "furtive."

"It is of the utmost importance," says Mr Paolo Conti, head of Technological Innovation, "for the aircraft to succeed in coming close to its target without being seen."

Deceiving the radar, leaving no trail of heat which could be picked up by infrared systems--companies all over the world are working on mastering stealth techniques. At the Edwards Air Force Base, just as in the offices of Torino Caselle, there are two fundamental things which have to be done. First, the design of the aircraft has to be modified so that all sharp corners are eliminated and the surfaces which reflect electromagnetic waves are reduced. Second, materials have to be used which are actually transparent to radar emissions. In other words, these waves must not be reflected to the sender to signal the aircraft's presence. Finally, there is also a third aspect which has to be taken into consideration, and this involves the use of paints which tend to absorb electromagnetic waves.

Massive research work is being done on special composite materials such as carbon fibers with special structures--an area in which, for the moment, the Japanese hold all the cards and are wary of disclosing anything.

Moreover, carbon fiber technology represents one of the most promising areas of development in applied aeronautical research, since this material has other uses apart from achieving that mythical function, invisibility.

In Turin, Aeritalia has already produced a wing which is defined as "the most sophisticated wing in the world." This wing is destined for use on the EAP (Experimental Air Program), the experimental aircraft which is to be used for testing of the solutions which will finally be applied to the famous EFA of the future or, in other words, the European fighter-interceptor of the 21st century. With this wing, Aeritalia will apply for the first time co-bonding methods. Co-bonding involves the use of fibers impregnated with epoxy resin (each layer is 0.2-mm thick). These layers are placed one on top of the other to form a "web" which is then "fired" in an autoclave. During this stage, the combined effects of temperature and pressure cause the polymerized resin to harden.

What advantage does a wing produced in this way have over a wing produced using a conventional metal structure? The answer is: a higher resistance-to-weight ratio.

The first flight of the EAP, complete with its totally new wing, is scheduled to take place within the next few days. The aircraft will take off from Warton, England.

Aerospace and Aeritalia are associated in this program, and the Italian portion is financed by the Ministry for Industry.

Today Aeritalia is one of the five companies in Europe capable of designing and manufacturing sophisticated aircraft from A to Z, carrying out all the necessary stages from preliminary research to certification. In 1985 the company had a sales volume of 1,377 billion lire; 60 percent of the company's production was destined for export; profits were 28.2 billion lire; the company invested 66 billion lire on plant and machinery, and 400 billion lire on research. At the end of 1985 Aeritalia had a payroll of 14,539 employees, a figure which represented an increase of 11 percent compared to the previous year.

Aeritalia is a high-tech company which focuses on research and development rather than on manufacturing activity based on mature technologies, which are gradually being sold off, creating a substantial spin-off for other industries.

Today the company's objectives include the production of a Short-Take-Off-Vertical Landing (STOVL) supersonic aircraft for military use, which exploits not only vectored airflows, thus providing a vertical thrust component, but also uses "supercirculation."

An airflow blown along the back of the wing increases the lift at low speeds--a highly desirable characteristic for any plane. Let us imagine an aircraft weighing 15 tons and flying at speeds of 20-30 knots, and which still remains maneuverable. Well, an experimental aircraft of this kind will be ready for



take-off in 1995 and will become operational at the beginning of the next century.

Still on the subject of military aviation, Aeritalia is presently developing four examples of stand-off weapons systems which will fly on a Tornado next September. This work is being carried out, in association with Snia Bpd, at the expense of Aeritalia.

Enemy targets are increasingly well defended, and this is the reason behind the development of weapons containers. These containers can be released by the aircraft at a certain distance from the target, reaching their destination autonomously at the same time the aircraft starts moving away from the target in order to avoid flying over the enemy defenses. These containers know the trajectory and are capable of identifying the target. The term used to define them is Swadd (stand-off weapons dispenser demonstrator); their delta wing gives them the appearance of small planes (about 5 meters long) without a pilot.

Under the heading of intelligent weapons we also find a bomb which, as if it were hypnotized, homes in on the target which is illuminated using a laser beam.

Modern avionics or, in other words, the union of electronics and aeronautics, means that today the roles played by the airframe and the engine are of secondary importance--to such an extent, in fact, that the aeroplane is now regarded merely as a sort of "platform," a kind of box containing an ever-increasing number of electronic systems.

On-board the aircraft there are computers which control all the basic systems of the aeroplane, i.e., the hydraulic system, the electrical system, the undercarriage, and the flight controls.

"Today we are working on a system which controls the systems," says Mr Franco Ferrero, an engineer and the technical head of the Military Aircraft Division, "and which is capable of identifying and giving warning of any breakdowns which may occur." This system intervenes automatically to cut out one system and insert another system. It also indicates the reason for any faults which occur, and this is of immense help to whoever is responsible for ground maintenance. The active controls intervene to coordinate pilot action and the flight situation, reducing the aerodynamic loads without the need for human intervention. All this means that the pilot is no longer the "master" of the aircraft, since electronics now acts as a mediator between the pilot and the controls, modifying any human intervention according to the flight conditions.

An increasingly complex and difficult part of the aircraft is the cockpit or, in other words, the driving seat. This has now come to have a life of its own and is no longer simply a matter of instrument panel and controls.

The active cockpit, which has already been installed on the EAP and which will also be installed on the EFA, is an integrated system which gives the pilot all the information processed by the computer, presenting them both in the

head-down position, i.e., on the dashboard instruments, and in the head-up position, i.e., projected onto the windscreen so that the pilot is never distracted from the line of vision.

And voice controls? When will these become a reality? The idea of an aircraft which obeys spoken commands seems almost absurd but...yet it is not at all.

"For us," says Mr Ferrero, "voice controls simply represent a new method of man-machine interface. We are presently developing a system capable of recognizing between 130 and 140 words. One particular aspect we have to bear in mind is that the human voice can be subject to alteration in specific conditions such as, for example, excessively high speeds."

Is it possible, then, for the pilot to order the aircraft to veer right! veer left! dive! pull up!?

"No. For the moment, at least, we are not dealing with commands of this sort-- commands which, moreover, have to be graduated. It is not a matter of flight controls, but rather of simple requests for information. And it is possible that the system may provide such information on its own initiative, without having been asked, particularly in emergency conditions."

Many areas of electronics: electronics for seeing and electronics to avoid being seen; electronics to conceal what is on board.

"Everything to do with the aircraft's vulnerability," says Mr Paolo Conti, "is extremely important. With the advent of the F-104, the Amx and subsequent versions a new page was turned, and the Tornado represents an important transition stage."

Electronics plays a role in the design stage too. The Military Aircraft Division headed by Mr Ferrero employs 744 people. Of these, 403 are technicians, 177 university graduates and 130 are highly-skilled workers.

The introduction of a CAD system (Computer Aided Design) has reduced the number of draftsmen. Until only a short time ago the Technical Department was full of draftsmen. Now it is the computer that draws, while the operator recalls all the details of the design onto the video screen, elaborating on them, modifying them, and extrapolating.

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CSO: 3528/M249

## MADEIRA ARCHIPELAGO DEFENSE PLAN STRENGTHENED

Lisbon TEMPO in Portuguese 8 Aug 86 p 15

[Article by Jose Manuel Rodriques]

[Text] Funchal—A new defense plan for the Madeira archipelago, designed by the commander in chief of the region and supported by the head of the regional government, calls for a strengthening of the military forces, especially the available air forces.

This week in Lisbon, the president of the regional government, with Defense Minister Ribeiro de Almeida, analyzed a defense plan for the archipelago designed by the current commander in chief of the Armed Forces of Madeira, Brigadier Loureiro dos Santos.

According to information that we managed to obtain, the plan includes a military component and a civil component. The latter will be the subject of discussion in the meeting between Ribeiro de Almeida and Joao Jardim. The head of the regional government has pronounced himself in favor of the plan.

Further details are not known, and it can only be confirmed that the plan aims to strengthen the means of defense, namely air defense. At this time, the Air Force disposes of only one detachment of two Aviocars at the Santa Catarina Airport. Some months ago, military officials began to speak of the possibility of the Air Force installing a base on the island of Porto Santo. It may be recalled that NATO controls some infrastructure there, practically unused, and that its high officials have already announced that expanding the island's runway is one of the priorities of the Atlantic alliance.

According to other information obtained by TEMPO, the plan designed by Loureiro dos Santos includes provisions for the distribution of the archipelago's military infrastructure and namely calls for the construction of a new building to serve as general headquarters, presently located in the Palace of Sao Lourenco, residence of the military governor and the minister of the Republic.

## Martial Law and State of Emergency

Also related to the defense question is the Law of States of Emergency and Martial Law. Lately the regional assembly has shown support (votes in the PSD, PS and CDS) for the proposal being discussed in the National Assembly.

However, the opinion elaborated by the special commission recommends some changes with respect to the autonomous regions, two new articles having been proposed which stipulate that, when martial law or a state of emergency is applied to the autonomous territories, the chief of state, before making the declaration, must hear out the government bodies of the regions. It also recommends that the carrying out of martial law or a state of emergency in the regions be guaranteed by the heads of the regional governments.

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## POLL SHOWS PUBLIC OPPOSITION TO OIL PRICE COOPERATION WITH OPEC

## Only One-Fourth Support

Oslo AFTENPOSTEN in Norwegian 11 Sep 86 p 41

[Article by Morten Woldsdal]

[Text] There is considerable opposition among the Norwegian people to a reduction of Norwegian oil production as part of a cooperative effort with OPEC, according to an opinion poll conducted by the IKO Marketing Link firm. A total of 48 percent of those interviewed in the survey opposed Norwegian cooperation with OPEC, while only 26 percent supported the idea.

The opinion survey was part of a larger annual survey concerning the views held by Norwegians on a number of oil issues.

The poll itself was carried out by the Norwegian Opinion Institute (NOI) at the request of the IKO company. The same number of people were surveyed and the same selection process was used as in the regular political opinion polls.

This is the 7th year IKO Marketing Link has commissioned this poll, but it is the first time people were asked about their view of a possible reduction of Norwegian oil production. Those interviewed were asked to respond to the following statement: "We should cut our oil production in order to support OPEC."

A total of 48 percent of those interviewed said they disagreed that Norway should cut oil production, 26 percent supported the idea, 24 percent said they were neither for nor against and 2 percent did not answer the question. In other words a clear plurality of those asked opposed a cut in Norwegian production as part of a cooperative effort with the OPEC countries.

This opinion poll was conducted in May. The reason why it was not released until now is that the survey results were being analyzed. The poll was carried out after the Labor government issued its first clear signal concerning Norwegian cooperation with OPEC.

Chief consultant Harry Rodner of IKO Marketing Link said the poll shows that the decline in oil prices and the problems besetting the Norwegian economy have clearly heightened the interest Norwegians have in the oil issue.



"Most Norwegians have a very clear opinion about many oil issues which is difficult to change. When it comes to OPEC, however, opinions do not seem to be as strong. People's attitudes could still be easily influenced," said Harry Rodner.

#### Statoil to Study Announcement

Oslo AFTENPOSTEN in Norwegian 11 Sep 86 p 41

[Article by Flemming Dahl]

[Text] Statoil is studying the announcement that the government will limit oil exports and the state-owned oil company will do everything it can to help carry out the decision, according to information chief Willy H. Olsen. He declined to make any further comment on the matter.

Statoil has taken a negative stand in the past on limiting oil production, but there is reason to believe that the company is less skeptical about limiting exports. This is regarded as an intermediate solution, because the oil company will not be directly affected.

For Statoil—which buys and resells the oil the state receives in lieu of taxes—the new decree means that both expenses and receipts will decline. There is reason to believe that Statoil has bought and sold this oil at about the same price level.

It is estimated that in recent months Statoil has sold 80-85 percent of the oil the company had at its disposal, including the oil received by the state as compensation for taxes, under the terms of long-term contracts, while the rest was sold on the spot market. The company would be able to supply customers under long-term contracts even without the state oil share.

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**DATE FILMED**

29 Oct 1986